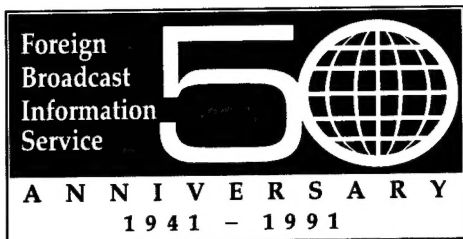
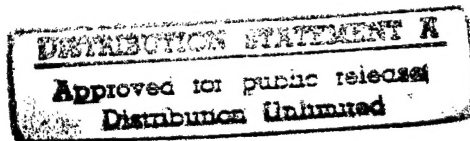


JPRS-EER-91-051  
22 APRIL 1991



# ***JPRS Report***



# **East Europe**

DTIC QUALITY INSPECTED 3

REPRODUCED BY  
U.S. DEPARTMENT OF COMMERCE  
NATIONAL TECHNICAL INFORMATION SERVICE  
SPRINGFIELD, VA. 22161

19980204 086

# East Europe

JPRS-EER-91-051

## CONTENTS

22 April 1991

### POLITICAL

#### BULGARIA

Warsaw Pact Disintegration Welcomed [ZEMEDEL'SKO ZNAME 2 Apr]	1
Four More MP's Join SDS Protesters [BTA]	1

#### CZECHOSLOVAKIA

Editor Urges Referendum on Slovak Independence [LIDOVE NOVINY 12 Mar]	2
Slovak Survey on Popularity of Czech Press	2

#### HUNGARY

12 New, 6 Old Police Chiefs Appointed [NEPSZABADSAG 7 Mar]	3
--	---

#### POLAND

Solidarity, KPUD Begin Regular Contacts [PAP]	3
Draft of Regional Divisions for Sejm Elections [RZECZPOSPOLITA 7 Mar]	4
Budget Cuts Undermine Parliamentary Efficiency [ZYCIE WARSZAWY 1 Mar]	5
Turowicz Profile Focuses on Political Beliefs	6
Biographical Note [ZYCIE WARSZAWY 12-13 Jan]	6
Characterized as 'Symbol' [ZYCIE WARSZAWY 12-13 Jan]	6

#### ROMANIA

Retired General Disputes Brucan Charges [ROMANIA MARE 22 Feb]	8
---	---

#### YUGOSLAVIA

Mesic Interviewed on Country's Future [POLITIKA 31 Mar]	10
Plans To Create Croatian-Muslim State [BORBA 30-31 Mar]	19
Slovene President Kucan on Independence [DELO 2 Apr]	20
Poll on Popularity of Slovene Political Figures [NEODVISNI DNEVNIK 20 Mar]	20
Reorganization of Slovene Intelligence Service	21
VIS Chief Interviewed [DELO 2 Mar]	21
Issues of Jurisdiction [DELO 2 Mar]	25
Vrdoljak Views on Media Termed 'Undemocratic' [DANAS 12 Mar]	26
'Repressive' Croatian Penal System Described [DANAS 12 Mar]	28
Writers' Union Chairman on Pluralism [DANAS 26 Feb]	31

### MILITARY

#### POLAND

Slawkow Chosen as Soviet Troop Transloading Point [Warsaw Radio]	34
Rejuvenation of Army's Officer Corps Planned [Warsaw Radio]	34

### ECONOMIC

#### BULGARIA

Minister Pushkarov at Business Symposium in Turkey [DUMA 2 Apr]	35
---	----

## HUNGARY

Minister Kadar Discusses Trade Difficulties	
<i>[Frankfurt/Main FRANKFURTER ALLGEMEINE 1 Mar]</i> .....	35
Foreign Debt Management Alternatives Developed <i>[FIGYELO 21 Mar]</i> .....	36
1990 Investment Report Shows Overall Decline <i>[FIGYELO 21 Mar]</i> .....	37
MNB Credits Shift From State to Enterprises <i>[FIGYELO 21 Mar]</i> .....	38
Economic Research Institute on 1990 Performance <i>[FIGYELO 21 Mar]</i> .....	40

## POLAND

EC Pledges Support for Cooperative Banks <i>[PAP]</i> .....	42
USSR Offered Food, 'Duty-Free Zones' <i>[Warsaw Radio]</i> .....	42
Growth in Private Trade Over Production Noted <i>[POLITYKA 9 Mar]</i> .....	42
Opole Plans Christian TV Broadcasts <i>[PAP]</i> .....	43

## YUGOSLAVIA

Serbian Role in Building Iraq's War Machine <i>[START 16 Mar]</i> .....	44
---	----

## BULGARIA

### Warsaw Pact Disintegration Welcomed

AU0904145391 Sofia ZEMEDEL'SKO ZNAME  
in Bulgarian 2 Apr 91 p 4

[Article by Vanya Encheva: "An Expected and Long-Awaited Divorce"]

[Text] The Warsaw Pact—the "shield of peace and socialism," as we frequently described it in the past—hardly reached old age. Only 36 years after the establishment of the organization, its military structures ceased to exist.

General Vladimir Lobov, former chief of the Warsaw Pact General Staff, expressed his conviction that the elimination of the organization's military structures became possible only as a result of the alleviation of military confrontation between East and West, and that the opportunity of establishing a new model of all-European security and of consistently proceeding toward the elimination of bloc structures could emerge only under the aforementioned conditions. His arguments sound plausible and justified. Nevertheless, if we thoroughly analyzed the matter, we could not overlook at least two essential, additional factors. The first factor is that the socialist countries that founded the organization and signed the pact no longer exist. As we know, every divorce involves certain consequences, which are not necessarily negative. Nevertheless, I think that the second factor is more important—namely, throughout the 36 years of the Warsaw Pact's existence, no one was able to convince us that the organization's one and only reason for existence was to protect the security of the "fraternal countries." It is sufficient to recall the events of 1956 and 1968 in order to realize that those who exercised power in the socialist camp (what an eloquent term!) feared the threat from the inside much more than the danger from the outside. History remembers the innocent people in the streets of Budapest and Prague, whose bodies were smashed by the tanks. The victims actually represented a real threat, but only for the totalitarian regimes, which have, fortunately, disintegrated. If we were to touch upon another aspect, namely the superrearmament of the Eastern bloc, we could more easily explain the poverty and the disastrous economic conditions under which our countries are suffering today.

Nevertheless, no sensible person today could fail to realize the importance of the security problem. Nevertheless, the protection of our security should be guaranteed within the limits of sensible sufficiency. At the same time, it is also necessary to search for guarantees beyond the possibilities of our national armies. In the opposite case, the risk would be unjustified. The misgivings of small states such as our country are justified. It is not necessary to search for historical examples in the remote past. The recent case of Kuwait is sufficiently eloquent. It was the first time that the world showed its unshakable

unity in defending a just cause. The warning lesson for potential contemporary aggressors was unmistakable.

The new realities in Europe and all over the world led to the elimination of the Warsaw Pact's military structures. From now on, the newly emerging all-European structures should provide guarantees for our national security. The consolidation of bilateral relations is another important factor in this respect. Mutual confidence and good neighborly relations are the most reliable guarantees of stability and security. The method of arms rattling showed its futility and the dangers it represents.

No one could express our longing in a more simple, more effective, and more appropriate manner than the writer who entitled his book *Farewell to Arms!* [title as published]. Naturally, a long time will elapse before we can finally pronounce the inspired phrase with a sigh of relief, but the efforts dedicated to the establishment of a world in which weapons will be an anachronism are certainly not wasted!

### Four More MP's Join SDS Protesters

AU0504124591 Sofia BTA in English  
1215 GMT 5 Apr 91

[Text] Sofia, April 5 (Evgeniya Drumeva of BTA)—Four more opposition MP's have joined the declaration of the 44 MP's (one of them, Mr. Todor Todorov, is a recent defector from the Bulgarian Socialist Party and from its parliamentary faction). The 48 MP's insist that a date should be fixed for the passage of the new constitution and that afterwards parliament dissolves itself and general elections be held by the end of June.

"We believe that most MP's of the parliamentary Union of Democratic Forces (SDS) will support us until the end of April," Mr. Yordan Vasilev, on whose initiative the declaration was drafted, told BTA. Fixing April as the deadline for their walk-out, the signatories believe that until then MP's will get convinced that parliament is unable to pass a new Constitution in its present composition. "Of course, we will only be too glad if parliament all of a sudden starts working efficiently," says Mr. Aleksandur Yordanov, who also signed the declaration. "This will show that parliament can pass the constitution within reasonable time and we will go ahead with the elections."

Some of the signatories fear that the declaration may precipitate the split of the SDS. The SDS Coordinating Council and the leaderships of the provincial branches have taken a stand close to that of the signatories. Most of the latter represent the smaller right-wing parties in the coalition, such as the leaders of the Democratic and the Radical Democratic Party, of the Federation of Glasnost and Democracy Clubs, and the United Democratic Centre. The declaration is also signed by rank-and-file MP's of the "Big Two," the Bulgarian Social Democratic Party and the Nikola Petkov Agrarian Party.

Only one of the two co-chairmen of the parliamentary SDS, Mr. Stoyan Ganey, signed the declaration. The other one, Dr. Petur Dertliev, did not sign the document because he is an astute politician, but he will probably join a walkout if it comes to that, a SDS source, who spoke on condition of anonymity, told BTA.

The opposition has obviously not given up the idea of an earlier general election. The Radical Democratic Party suggested that parliament adopt the 1879 Turnovo Constitution after making certain amendments instead of drafting a new basic law. According to the SDS Coordinating Council, this suggestion is worth serious consideration.

Obviously, the decision on parliament's further work adopted yesterday provides no solution to the current complicated political situation in this country.

## CZECHOSLOVAKIA

### Editor Urges Referendum on Slovak Independence

91CH0441B Prague LIDOVE NOVINY in Czech  
12 Mar 91 p 1

[Article by Jiri Hanak: "Out Loud!"]

[Text] Today to be both a Czech and a loyal federal citizen means having the patience of Job. The Germans have the term "pruegelknabe" for the position that we occupy, which in Czech is "whipping boy." For now, we are hanging on and keeping quiet, but I do not want to do either any longer.

Everyone who thinks that they can thereby earn a place in the history books of a future Slovak state is beating up on us with impunity. Premier Meciar, in the manner of an uninventive market-stall keeper, firmly lies by saying that the Czechs refuse to deliver electrical energy to Slovakia. He is publicly given the lie by his own minister, but with no result. The honored artist Knazko, chief of the agency for foreign relations, allows himself to depend on unkind words addressed to the joint state. A third example: A group of intellectuals, not in any respect on the fringe, comes out publicly with a proposal for Slovakia's sovereignty. In a situation where, whether you like it or not, the existing constitution and the existing state legal arrangement are in effect, I cannot call their intellectual output anything other than anticonstitutional activities.

For now, we are hanging on and keeping quiet. I propose that we do not hang on and keep quiet and instead ask out loud a lot whether this part of the Slovak representation wants sovereignty for Slovakia. However, I am afraid that the answer, if we get one, will be as ambiguous as it can be: yes and no! That is: their own armed forces, central bank, and foreign policy—yes. But to maintain the puppet strings with the hated "federation" and to call it a joint state—yes!

"If you cross the river, you will destroy a great kingdom," an ancient fortune teller once said to a king anxious to go to war. Only after this king had, by crossing the river, destroyed his own great kingdom did he understand the deceptive nature of the answer with a double meaning. Let us therefore decipher it for ourselves beforehand and put the proper name to those puppet strings by which Slovakia is supposed to be connected to the Czech Republic in a single state. This cord is—money.

Because of its low capabilities, Slovak industry does not bring anything good to an independent republic. The composition of the industry, unsuitable through no fault of its own, gives these clouds an even darker shade of gloom. Just the conversion of the arms industry in Slovakia would cost almost as much as cleaning up the disaster in northern Bohemia. From this standpoint the immediate independence of Slovakia would be disadvantageous to the maximum degree. Why then is there any need to rush it when the Czechs and the federal citizens are holding on and keeping quiet? Why not prepare it down to the last detail?

This tension, which is now becoming harder to tolerate, must be ended. We just cannot indefinitely look on at the transition to a market economy being undermined by a primitive nationalization of economic problems; it is simply not possible to look on silently at how a few ambitious, but not responsible, individuals are "tossing eggs along with the straw" on the bonfire burning up our future. A referendum can resolve this immediately and clearly. If 51 percent of the Slovak populace votes for independence, there is nothing to discuss. We will divide the two crusts of bread from our beggar's bag that we own together not in a brotherly way, but rather in a proper way. If 51 percent of the Slovak voters opt for a joint state, again there is nothing to discuss. Then it will be clear that anticonstitutional activities are anticonstitutional activities, a lie is a lie, and slander is slander. There is nothing to put off and nothing over which to vacillate. Time is money and time is labor. I cannot imagine that we could ask for anything more demanding.

### Slovak Survey on Popularity of Czech Press

AU1004084891

[Editorial Report] Prague LIDOVE NOVINY in Czech on 5 April on page 2, under the headline "Twenty-Seven Percent Satisfied," publishes a 750-word survey of the Slovak public's opinion on the quality of information on Slovakia in the Czech press. The poll was conducted by the Institute of Public Opinion Research of the Slovak Statistical Office in Bratislava on 13-25 February 1991 on a sample of 1,201 citizens aged between 15 and 69 years. According to the survey, the Czech press is read in Slovakia by 21 percent of those polled (32 percent in Bratislava) and another 26 percent are interested but it is not available where they live. White-collar workers represent 29 percent of the readers of the Czech press, 26 percent are highschool graduates, 39 percent university

graduates, and they are from cities of over 50,000 (29-31 percent). The periodicals read most in Slovakia (in percents of the readers of the Czech press) are:

Periodical	Slovakia	Bratislava
LIDOVE NOVINY	27	47
RUDE PRAVO	25	14
MLADY SVET	19	17
VLASTA	9	5
NOVY DIKOBRAZ	9	7
KVETY	7	11
100 + 1 ZAJIMAVOSTI	3	4
PRACE	3	2
REFLEX	3	6
MLADA FRONTA DNES	3	5
LIDOVA DEMOKRACIE	2	1
Other	44	43

(Some respondents named more than one periodical.)

According to the survey, 27 percent of Czech press readers were satisfied with the coverage (25 percent in Bratislava), while 57 percent were not (67 percent in Bratislava). The information published is true according to 28 percent of the respondents (22 percent in Bratislava), false according to 54 percent (67 percent in Bratislava).

The survey includes data on the general Czech media coverage of events in Slovakia. The coverage is objective according to 22 percent of those polled (18 percent in Bratislava), it is not according to 47 percent of those polled (57 percent in Bratislava), while the coverage of Czech events in the Slovak press is objective according to 64 percent of those polled (71 percent in Bratislava), it is not according to 16 percent of those polled (14 percent in Bratislava).

Bratislava PRAVDA in Slovak on 5 April on page 3, under the headline "Twenty-Seven Percent Satisfied," publishes a 150-word report on the same survey that adds to the above data information on the popularity of Slovak dailies. The most popular, according to the report, are PRACA, PRAVDA, and SMENA (in Bratislava SMENA, NARODNA OBRODA, and PRACA) respectively. The most popular weeklies are EXPRESS, ZMENA, and ROZHLAS, among the illustrated publications TELEVIZIA, SLOVENKA, and ZIVOT.

## HUNGARY

### 12 New, 6 Old Police Chiefs Appointed

91CH0436B Budapest NEPSZABADSAG in Hungarian  
7 Mar 91 p 5

[Article by MTI [Hungarian Telegraph Agency]—first paragraph is NEPSZABADSAG introduction]

[Text] At a ceremony held on Wednesday at the Interior Ministry's Cultural Center, which was attended by Interior Minister Peter Boros, 18 chiefs of police representing the counties and metropolitan Budapest were appointed by Gyozo Szabo, the chief of the National Police Headquarters. The chief of police for Komarom-Esztergom County will be appointed at a later date because a new invitation for applications has been announced for that post.

The new chiefs of police are as follows: in Budapest, Colonel Dr. Sandor Pinter; in Baranya County, Colonel Dr. Mihaly Ernyes; in Bacs-Kiskun County, Lt. Colonel Dr. Attila Kocsis; in Bekes County, Colonel Dr. Laszlo Gal; in Borsod-Abaúj-Zemplen County, Lt. Colonel Dr. Sandor Magyari; in Csongrad County, Lt. Colonel Dr. Laszlo Salgo; in Fejer County, Colonel Dr. Gyula Svraka; in Gyor-Moson-Sopron County, Lt. Colonel Dr. Laszlo Bely; in Hajdu-Bihar County, Colonel Dr. Imre Papp; in Heves County, Lt. Colonel Dr. Balint Lantos; in Jasz-Nagykun-Szolnok County, Lt. Colonel Dr. Attila Fazekas; in Nograd County, Lt. Colonel Dr. Karoly Rafael; in Pest County, Lt. Colonel Dr. Istvan Komaromi; in Somogy County, Colonel Dr. Laszlo Ferenczi; in Szabolcs-Szatmar-Bereg County, Lt. Colonel Dr. Laszlo Hajzer; in Tolna County, Lt. Colonel Dr. Attila Berta; in Vas County, Lt. Colonel Dr. Peter Orban; in Veszprem County, Colonel Dr. Antal Bartalus; and in Zala County, Colonel Dr. Ferenc Hantos.

In nine instances, Gyozo Szabo had accepted the first candidate recommended for the post of chief of police by the professional committees, but in ten counties he appointed candidates who had not ranked first in the committees' recommendations. In six of the counties (Bekes, Csongrad, Hajdu, Somogy, Veszprem, and Zala) the old chiefs of police were reappointed.

## POLAND

### Solidarity, KPUD Begin Regular Contacts

AU1204104691 Warsaw PAP in English 2217 GMT  
8 Apr 91

[Text] Gdansk, April 8—The first meeting of the presidium of Solidarity's National Commission and the Democratic Union's Parliamentary Floor Group [Democratic Union Parliamentary Club] (KPUD) was held here today to start regular working contacts between Solidarity and the Democratic Union's parliamentary representation.

Solidarity is keen on cooperation of all parliamentary groups originating from the Citizen's Parliamentary Club, among them also the Solidarity of Labour [Labor Solidarity]. The debaters discussed forms and conditions of such cooperation of various pro-reformatory forces. A similar meeting was held with the OKP Citizens' Parliamentary Caucus last week.

Professor Geremek told the gathering about regulations to elect the Sejm, already drafted by the Constitutional Committee, that should be adopted on a date agreed on by the Sejm resolution.

**Draft of Regional Divisions for Sejm Elections**91EP0342A Warsaw RZECZPOSPOLITA in Polish  
7 Mar 91 p 1

[Article by J.F.: "Where the Deputies Will Come From"]

[Text]



This map indicates the proposed division of the country into regions from which deputies to the Sejm will be selected. We are presenting a proposal which, presumably, will not be substantially changed.

Readers of RZECZPOSPOLITA may, therefore, be the first to learn about the division of the country into 19 electoral regions. This plan was developed by Deputy Ryszard Helak (KPUD [Democratic Union Deputies Club]) with the assistance of Deputies Paweł Faczkowski (OKP [Citizens Parliamentary Club]), Stanisław Rogowski (OKP), and Henryk Michalak (KPUD). However, the proposed division must still be accepted by the Sejm Constitution Committee. The Sejm will give its final approval after the almost certain passage of the electoral law proposed by the Sejm.

Roman numerals on the map indicate the regions. Under the name of the city where the headquarters of the regional elections committee will be located, Arabic numerals indicate the number of deputies serving the

region. The first (larger) number pertains to the deputy seats won in voting for the regional lists. The other number indicates how many deputies in the given region would be selected in districts with single seats in parliament. Therefore, it simultaneously presents the number of districts created in the region. The sum of both Arabic numerals equals the total number of mandatory positions serving the region.

A region in most cases includes several voivodships. The principle of respecting voivodship boundaries is respected, in other words, with one exception, a region is made up of whole voivodships. A unique situation arose in establishing boundaries in the densely populated Upper Silesia. A proposal was made that the north-eastern part of the Katowice Voivodship (Zagłębie Śląsko-Dąbrowskie) shall constitute one region with the Bielsko Voivodship. The central part with Katowice would make up the independent region VIII. The south-western part of the Katowice Voivodship would belong to electoral region IX in Opole.

**Budget Cuts Undermine Parliamentary Efficiency**  
*91EP0344A Warsaw ZYCIE WARSZAWY in Polish*  
*1 Mar 91 p 3*

[Article by Agnieszka Romaszewska-Guzy: "Irresponsible Economies"]

[Text] The Budget Commission of the Sejm faces the difficult task of making bricks without straw. It must find an opportunity to meet the greatest possible number of the pressing needs of the state with the scant means which are, or may be, available to it. Under the circumstances, the ability to rank issues in terms of their state and social significance and the knowledge of fields in which the smallest outlays will produce the greatest effects become particularly important. Unfortunately, if one followed the progress and results of the proceedings of the commission devoted to the budget of the supreme organs of power, one could get the impression that the easiest thing for the deputies to do is to take steps horizontally, because this is how we should define proposed cuts in the budgets of the Sejm, the Senate, the NIK [Supreme Chamber of Control], and the Presidential Chancellery. As a result of prolonged debate and discussions, they came up with a way to save the state...about one-half of one-thousandth of the budget while at the same time striking a serious blow at the efficiency of the operation of the supreme organs of the state. In addition to this one-half of one-thousandth in savings, they secured many spectacular headlines in the press which stressed the alleged lack of financial restraint on the part of parliament and the Presidential Chancellery.

Everyone knows that the Poles are egalitarian people who, in addition, after 40 years of disastrous experience, treat with suspicion the financial welfare of people and institutions representing power. The members of the Budget Commission were certainly mindful of this public sentiment when they scrupulously deprived the institution they represent of financial prerequisites for efficient operation. However, it appears to me that in their zeal for economies they were "more Catholic than the Pope." Deep down, most of us loathe feudal privileges but do not fail to appreciate the fact that accomplishing serious and vital tasks requires considerable funds. Let us be frank, so far, such funds for the operation of our parliament have not been allocated, and this became one of the reasons for incompetence and ineffectiveness in its operation. Certainly, in several months we will elect new deputies and senators in a fully democratic manner. However, let us not delude ourselves, the faltering, inefficient organizational structure of our parliament will not allow them to work well.

The deputies and senators are not specialists on law and the economy; they are not more knowledgeable about these issues than most of us. Some of them know something about agriculture, others about the operation of large enterprises, and still others about the issues of culture and education. The fact that society entrusted to them, through elections, the exercise of legislative power

and the adoption of laws according to which our country will operate, is the only distinguishing characteristic of these people. The deputies need to have an appropriate apparatus in order to do this. When the government develops laws, it has at its disposal entire teams from appropriate ministries; it has advisers and experts. Who do our representatives have? As a rule, they do not even have a secretary to sort the incoming mail and copy the documents needed. Their offices (if they have such), apartments, and tiny hotel rooms are piled with monstrous mountains of papers and documents which they should look through, read, and form an opinion about. There is nobody to help them to do it, to mark the most essential passages, and to locate needed legal acts. They should do this themselves, but reality is such that they are not in a position to do this. Therefore, instead of forming their own opinion on an issue, they must, out of necessity, trust the opinion of their colleagues from an appropriate commission or simply support the view of the government. It is easy to surmise that under the circumstances no government would care to bestow on the parliament a budget which would enable it to function efficiently. The less money the parliament has the freer the hand of the government is in its endeavors. However, how is it possible that the parliament likewise does not care for an opportunity to work effectively and truly serve the electorate? Is this due to a lacking sense of duty, or the desire to appeal to our most primitive instincts? After all, the deputies know best how difficult the conditions are under which they work....

Deputy Kowalczyk (OKP [Citizens Parliamentary Club]) from Kielce Voivodship said, "I was just a moment away from failing to come to this meeting of the commission. You know, my wife went to visit our sons, so I had to get up at 0400 hours in order to take care of the sheep and feed the dog. I did not even shave because I was in a hurry to catch the bus. At present, we have horrible snow drifts in Swietokrzyskie Hills, so we had to push this bus on quite a stretch of the road. I was afraid that I would miss the Warsaw train in Kielce, and I would not make the meeting of the commission...." Deputy Kowalczyk is a highly dedicated member; being a good representative of those who have elected him. Therefore, he made it to the commission meeting, and he would certainly have gotten up even earlier had this been required. However, is this the way it ought to be? Are the Sejm cars, of which there are 57, a luxury for luminaries or a necessary working tool?

Deputy Krassowski (OKP) is a member of the Extraordinary Commission for Investigating the Operation of the MSW [Ministry of Internal Affairs]. Recently, he has handled a case where a man died in Gdansk when the ZOMO [Motorized Reserve of the Citizens Militia] turned an ambulance away. Finding the culprits is not easy, it calls for a laborious investigation and a search in militia archives. It is not clear whether it will end in a success. Meanwhile, Deputy Krassowski, as well as others, faces a tremendous legislative agenda. Which of

his duties should he neglect under the circumstances? Why is there not anybody who could do some fact finding for him?

Reviewing the draft budget of the Senate, the Budget Commission of the Sejm found items as strange as repairing 100 offices of senators in their jurisdictions, despite the fact that until now there were only 50 of them, as a press report on the proceedings of the commission said. It is odd that it did not occur to the deputies that there are 100 senators, and that after the forthcoming elections, they may be members of all kinds of parties. It would be quite strange to set up compulsory supraparty senator cooperatives. The deputies also wondered about funds which were to be spent for computer equipment for the senate; the funds appeared excessive to them. Therefore, it would be worthwhile to recall that for about half a year now 50 computers received as a gift from the U.S. Senate have been sitting in a [Polish] Senate warehouse. They have been sitting there because there are no funds to repair electric wiring; existing wires cannot support such a load.

A special report prepared at the request of Senator Pete Domenici (Republican from New Mexico) by a delegation of the U.S. Senate and House of Representatives refers to many areas in which the American Congress may be of help to the Polish parliament. It refers to computerization, organization, the setting up of a data center, and the issue of telephone communications with the outlying areas. ("The marshal of the Sejm...had six telephones on his desk and did not know which one was actually ringing," said the report.) These intentions look fine, but the Polish Senate has not yet managed to digest the first portion of aid in the form of these 50 computers. Will it really come to us wasting the million of dollars which the Americans would be inclined to invest in our parliament because we will be saving amounts many times smaller which are necessary in order to use the American Gift for Democracy?

Here is one more remark, which this time refers to the issue of wages. The parliament and other supreme organs of power need the best employees. Having the services of the best specialists is a fundamental issue for the state. We cannot bring about a situation whereby a secretary who speaks several languages leaves for a job with an [outside] company whereas the one who is good for nothing remains, and whereby lawyers and economists who have been unable to find work anywhere else are the only ones working for the parliament. Working for the parliament requires flexibility on the part of an employee who is willing to work 12 hours a day if this becomes necessary. All of this needs to be paid for.

"The deputies and senators who will accept the model of a homespun parliament...will be fully responsible for marginalizing the role of legislative power.... By drastically reducing outlays for our parliament, we are drawing away from democracy and heading toward a dictatorship which, to be sure, costs more, but does not have to disclose its expenditures publicly." This is what Dariusz Teresinski wrote in issue No. 4 of POLITYKA. All that remains, is for

us to subscribe to this statement and express our hope that the slogan "We may not exactly be working well for you but we do walk around [rather than drive]" with which a considerable segment of our deputies serving on the budget commission appear to woo the electorate, will make the worst possible impression on the latter. I believe that it is time for the deputies to start taking seriously the mandate entrusted to them, their own responsibilities, and the state which they are building.

## Turowicz Profile Focuses on Political Beliefs

### Biographical Note

91EP0269A Warsaw ZYCIE WARSZAWY (KULTURA I ZYCIE supplement) in Polish 12-13 Jan 91 pp 1, 3

[Unattributed article: "Jerzy Turowicz"]

[Text] His name is associated with Krakow's TYGODNIK POWSZECHNY since the beginning of the paper, that is, since March 1945. Without a doubt, his position as editor, and as social, or moral authority was bound with the position and authority of the paper. When a Krakow cardinal became pope, this position and authority became international. Not without reason, Kisiel calls Turowicz humorously in his [book] *Alphabet* "a friend of the pope by profession."

Jerzy Turowicz was born in 1912 in Krakow, and almost all his life, he was associated with this historical city. Two of his elder brothers became priests, and he himself, even though he remained a layman, had contacts with the clergy from early childhood. After graduating from the excellent Sobieski Secondary School (where Kazimierz Kumaniecki taught Turowicz the basics of philosophy, and Leon Chwistek mathematics), he studied at the Lvov Politechnic School for three years. After his return to Krakow, he turned to liberal studies, specifically to history and philosophy, at the Jagellonian University. In 1939 he started a permanent job at GLOS NARODU, a paper with a Christian-democratic profile, edited by Rev. Jan Piwowarczyk. Two months before the war started, he became its editor in chief. He spent German occupation at Goszyce, his mother-in-law's estate, where such people as Jan Jozef Szczepanski (who described those visits in his short story "Three Red Roses") and Czeslaw Milosz visited.

In the history of the Polish press, Jerzy Turowicz will take the distinguished place (next to Jerzy Giedroyc) of the most talented and consistent editor in our postwar years.

### Characterized as 'Symbol'

91EP0269B Warsaw ZYCIE WARSZAWY (KULTURA I ZYCIE supplement) in Polish 12-13 Jan 91 p 3

[Article by Andrzej Szczypiorski: "Measure of Intellectual Honesty"]

[Text] There are people who give a name to a whole age. I would not be surprised if, some fifty years from now, the period after the Second World War were listed in the

history of Polish culture as the age of Turowicz. I would not be surprised because those were the times of totalitarian threat that challenged our culture and even the spiritual life of our nation.

There was someone in those days who was the first to accept the challenge, someone who did not decline it, who faced it, seemingly helpless, pathetically weak and alone, one against all the armies of Xerxes. This was Turowicz, or rather the mental formation to which he belonged and to which he later gave his name, namely, the formation of TYGODNIK POWSZECHNY. I wonder if he would remain in our memory and have this unique status which he has right now had he failed, had the system crushed him. It could have happened, for instance, in the years 1946 or 1947, at the threshold of that endless ideological battle that went on despite a seeming defeat in 1953, right after the death of Stalin, when TYGODNIK was taken away from Turowicz and given to Piasecki's people.

I wonder if the very fact of standing up in opposition, of nonacquiescence, of protest, initiated by Turowicz in the early spring of 1945, and supported by Archbishop Sapieha, was enough in itself to make him stand out in our national history.

This is not a small question. It is, in fact, a very Polish question, as it asks whether recent history, that is, the many years of struggle with communist totalitarianism, could be dealt with merely by means of some such imponderable ideals as morally honorable stands, or Polish and European idealism, or whether it required something concrete, like those tons of printed paper from which generations of Polish intelligentsia learned what Poland could be and what Poland should be.

It may simply be a question whether Poland without TYGODNIK POWSZECHNY would be a different country, much more like Czechoslovakia at that time, or the German Democratic Republic, or even the Soviet [republics]. Carrying on the logic of these questions, perfectly justifiable historically and philosophically, brings us to the conclusion that we may speak of the forty postwar years in Poland as the age of TYGODNIK POWSZECHNY, or the age of Turowicz, for short.

I would like to seize that time when Turowicz, surely he himself was unaware of it, was becoming a symbol of opposition to something that was about to come.

We are all very wise today, because we have the experience of forty five years behind us; each Pole carries that experience in the bones. But then, that spring, when the country was coming back to life after the most horrible trial in history, what was it really like? And what was to happen to Poland and the Poles? The Polish intelligentsia emerged from the war morally strong, but full of doubts about ideals that they nourished through past decades. After all, the individualistic, liberal Europe failed them and whole nations were burnt in crematories in front of them. Rescue from biological annihilation came from the side that, until now, was neglected or even

despised. The Bolshevich civilization of great collectives appeared as the only force capable of defeating Hitlerism. The educated stratum of society, therefore, was not sufficiently immunized against the new reality.

It would also seem appropriate to bid farewell to the misconception that right after the war the lower masses were acute enough to put up a fight against the communist utopia. It is not at all so obvious. A considerable number of Polish workers, in 1945, still remembered well the prewar poverty, unemployment, underdevelopment of the country, and the not-so-sweet capitalist order. Peasants, in their turn, were receiving land through the rural reform. Although they were apprehensive about the reform, and full of fears and doubts about their ownership of the land, it cannot be univocally said that the Polish countryside showed hostility toward the new government. There was a whole variety of situations and a sum total would be a less pretty picture than we would like to see.

If it were otherwise, TYGODNIK POWSZECHNY would not be a solitary island, a faint glimmer of light from a lighthouse surrounded by an ocean of doubts and uncertainties, an ocean of feelings of defeat and loneliness, of opportunism, comfort seeking, mental laziness and simple cowardice. If it were otherwise, TYGODNIK would have been the general norm in our intellectual life. On the contrary, already then, at the very beginning, TYGODNIK and Turowicz were doomed to a solitary existence, to singularity, uniqueness, exceptionality. In later years this solitary existence became more and more visible. It was not only solitary, it was the last bastion of mental independence; it was the last sign of Polish union with Europe and this European quality of Turowicz was the very force not to be defeated.

TYGODNIK was always a Christian paper. This means, it was a European paper, because in Poland, strangely enough (not since today and not to disappear tomorrow) if someone attacks Christianity, he attacks Europe, and vice versa.

Communists, even those most refined, were afraid of this ominous European quality in Turowicz, of this Mediterranean mental tradition, this Latin sensitivity. They attacked his catholicism. It was their main and continuous line of assault. If one would make the effort to look closely at the nuances of the politics of those days, however, one could easily see that more [Polish United Workers] Party anger was always directed at Turowicz than at the parish priests reciting prayers. That was because the fight was, in fact, with modern Christianity, with its more profound aspect, presenting a danger to the authorities as an alternative ideology. The fight was with Europe, not with folklore, even if sometimes appearances were misleading.

Today Turowicz is a symbol, and even more than a symbol, almost a Polish measure of intellectual honesty. This is our "meter" from Sevres, which may be used to measure our European quality and our faithfulness to

Christian tradition. The latter may refer also to enlightened unbelievers, who understand that an enlightened mind in Poland is enlightened thanks to Christianity and faithfulness to Christian principles.

Today, no doubt, Turowicz is a measure of European qualities to many Poles. Whoever insults him, therefore, whoever does not respect him, gives evidence of reluctance towards Europe, and of spiritual immaturity. What is involved is not only the final return, after years of absence, of the greater homeland to Poland, but a return of a spiritual tradition in which we were brought up.

Whoever does not know this tradition is poor and deserves Christian sympathy.

## ROMANIA

### Retired General Disputes Brucan Charges

91BA0429A Bucharest ROMANIA MARE in Romanian  
22 Feb 91 p 10

[Article by Maj. Gen. (Retired) Theodor Paraschiv:  
"Dissident Generals and Terrorists"]

[Text] Mr. Silviu Brucan's interview granted to Romanian Television shortly before the New Year presents us with two definite opinions. First, that "whether we like it or not, the Army fired on revolutionaries until 22 December," and second, that "the Revolution was saved after 22 December by dissident generals from the reserves who, after they were recalled to active duty, took over the Army's functions and acted accordingly."

We do not consider them anything but personal opinions that would present no social danger of spreading untruths and would be of negligible value had they been expressed over coffee or cognac within a limited circle of friends or entered in a private diary to be revised and reviewed upon further consideration. Since they were widely aired on TV—to be heard by millions of people—it logically follows that some specific purposes were intended other than enhancing the respective political scientist's popularity, namely, purposes of disinformation and confusion, in any case, if they were not seditious ones. To assert without any explanation whatsoever that the Army fired on the demonstrators, and to let it go at that, are not any academic procedures.

No one denied that some military subunits were operating in some localities in the period of 17-22 December in the performance of ordered missions and in connection with combat situations. The Army is a comprehensive institution, and when it is maintained that the "Army" has executed or not executed a given action, it means that it is a matter of the whole institution; and that is harmful. And it is known that relatively few subunits were detached in the combat formations from outside the barracks, and those only in a few cities on a quite legitimate basis. The reports, combat bulletins, cases tried or undergoing trial, and press accounts

showed that in most cases the military opened fire or took other means when they or the objectives they had been ordered to defend were attacked. It was no accident that Nicolae Ceausescu reproached Gen. Milea at the meeting of the CPEX [Political Executive Committee] on 17 December because the Army did not open fire on that memorable day. When tanks were set on fire, officers and men hit, wounded and killed, barracks attacked, and public institutions and economic capacities devastated, fire was opened. The particularly violent elements also used guns against the military. As the popular revolt extended in time and space, the Romanian military began to understand the political situation better, and as evidence of it, on the morning of 22 December the troops in the streets fraternized with the people in Bucharest and also in other places. "The Army is with us" had become a reality before the Ceausescu couple's flight. What clearer proof of those majestic and sublime moments of union with the revolutionary forces could there be than the sacrifice of Gen. Milea, who gave his life as a symbol of that unification by refusing to carry out Ceausescu's orders to suppress the Revolution in blood?

The Romanian Revolution was determined by specific causes and was accomplished by well-defined forces and with objectives written on the revolutionary banners under which the entire people rallied. The Army in its entirety was one of the forces that accomplished the Revolution. Good use can also be made of comparisons in substantiating some conclusions. What would have happened if the military units had acted as in Tiananmen Square in Beijing, in China, and in other cities in June 1989? The revolutionary route would have been temporarily closed and the number of victims would have been incommensurable. The masters of those who were speaking of tens of thousands of victims in the days of Timisoara, were probably expecting something like that.

Mr. Silviu Brucan's second declaration of faith concerns the "dissident generals" who annihilated the "terrorists" to a man, and ensured the final victory of the Revolution. The idea is accredited in connection with the effort to explain what the events in December were: a revolution or a coup d'etat. We get the bland and ambiguous answer that they were both one and the other, that is, a revolution until the 22nd, and after that a bitter struggle with those who were threatening the new organ of power founded on the night of 22-23 December and on the 23rd. It is not revealed to us who those forces were or for whom they were fighting, although we expected to be told that, because Mr. Brucan was then one of the outstanding members of the political-military General Staff of the National Salvation Front, and should have known how, why, and against whom the Revolution had to be defended, especially since he had cultivated Gen. N. Militaru and was assured of access to the information. When the Revolution was in such grave danger, it was rescued from the impasse by the "dissident generals"

who were recalled to active duty, and miraculously changed the Army's orientation from counterrevolutionary to revolutionary.

Now is not the time to discuss of what the recalled generals' dissidence or nondissidence consisted, or whom they know very well, or what they could have done in their 45 days of active duty in the Army before the last 10 days of February when they were returned to the reserves again. Now is the time to point out the fact, which we cannot overlook, that there was hostility, taking various forms, toward Ceausescu, the communist policy, and the harsh realities of everyday life among the thousands of officers and generals on active duty in the period before the Revolution. The military cadres were not a privileged caste. They lived on a par with the social strata of the same class and sometimes not even as well. Mr. Silviu Brucan's assertion is a serious insult to our Army's active officers. The theory that the revolution was saved by "dissident generals" is an invention and a fiction. We are trying to lend substance to the assertions by letting the facts speak for themselves.

The executive of the new political power was formed on 24 December 1989 and started to apply the provisions of the Platform of 22 December. Within the government the post of minister of national defense went to Gen. N. Militaru, recalled from the reserves, who had acted as an important element in solving military problems that arose after the 22nd even before his appointment to office. But let us not forget that between the afternoon of 22 December and the formation of the government, the country and the Army were not without leadership, which was exercised with difficulty but nevertheless existed. Around the 20th the "dissident generals"—three or four of whom were colonels—were recalled to active duty and appointed to functions to replace some active cadres or to posts that were vacant but secured until then by the so-called system of deputies. It took over a week to recall them, from 24 December until after 1 January, and only four of them received command positions, the others being appointed to the Military Academy and the central organs of the Ministry.

It was stated at this time that the "civil war" was over once the country was informed (on Christmas night) that Nicolae Ceausescu and his wife had been executed: The fanatical terrorists completely disappeared and cannot be found to this day. If that is so, then how did the terrorists fight the Army units under the command of the "dissident generals," who were still at home for Christmas? With or without this invention of the terrorists the officers of the Romanian Army were at their combat posts ready to defend the revolution had it been in danger. Where was this danger coming from, or was to come from? Our esteemed political scientist does not say. From outside? No foreign troops were reported on the border. From within, on the part of the dismantled communist structures? Not that either (for example, a part of the former State Security organization was entirely disbanded, disarmed and shut down and the rest of it was taken over by the Ministry of National

Defense). From some military units presumably loyal to Ceausescu? Not even the most underdeveloped thinking could take such a direction: The Army had participated in the removal of the communist regime. Why should they restore it?

The "dissident generals" action not only did not strengthen the Army, but destabilized it, arousing waves of protest in reaction to the insults to the officers' corps. We are readily reminded of the events in Victoria Square and in some units last winter.

We regard the "dissident generals" action as a manifestation of the lack of confidence that its promoters at the time, and its trumpeters today, had and have in the young officers, who are highly professional, and what is more important, are loyal to the ideals of democracy, ideals created by the victory of the youth revolution.

The "dissident generals" action is an error in political tactics, and the arguments they try to build in support of it are flimsy. It is not the time or place to recount them, but that failed operation had another purpose and background.

Experience with such inquiries, namely criminal or historical investigations, tells us that in not a few cases, and after many years, the results are still controversial or incomplete. The act of 23 August 1944 is debated even now in regard to the necessity of it and the political forces who prepared and launched it. Ex-King Michael was accused of betraying Marshal Antonescu and the national interests in favor of the Soviet Union (not only by Romanians but also by foreigners, such as, for example, Nicolae Baciuc in his work *Yalta and the Crucifixion of Romania*, and Larry Watts in his book *In the Marshal's Service*), while Antonescu was accused of excessive loyalty to Hitler, which would have led Romania to national disaster and its end as a state. The assassins or assassin of John Kennedy have not been identified with any certainty even today, and there are many such examples.

More than 1,100 persons lost their lives during the Revolution from 17 to 30 December 1989. Over 250 of those were Army officers and enlisted men, to whom we must add more than 150 personnel of the Ministry of Interior, lost at Otopeni, in Szekler country, Sibiu, Drumul Taberei and other points. All the casualties, regardless of age, occupation, or the circumstances that caused their deaths, are heroes of the Revolution. It is characteristic of revolutions that among hundreds of thousands of people involved in storming streets and squares it is not always possible, as in criminology, to investigate each individual case, from which gun and from whose hand the bullet came, where it went and whom it hit.

Let us add to the results of the conflict the huge material losses, buildings razed to the ground, burned or half demolished and stolen goods.

Mr. Silviu Brucan—and not he alone—being unable to prove the existence of any counterrevolutionary forces, operates with the theory of the terrorists. If terrorists existed, who were they, whom did they defend, who led them, where are those taken alive, and how were they tried? If there were such forces, who has an interest in not making them known? If there were no armed counterrevolutionary forces, why should we invent them? We are convinced that the offensive of the truth will answer these questions too!

I remember one episode in the Drumul Taberei area, in Ghencea Cemetery, on 13 September Road: Furious firing broke out, especially on the nights of 23-24 and 24-25 December. I sent two young officers from the military unit I was commanding then to the Ministry of Defense to be used as needed. On the morning of 25 December they transferred 20 men charged as "terrorists" from the headquarters of the Ministry, where they were detained, to a military objective on the belt line. As it was learned later, they had been arrested at the headquarters of the former CC [Central Committee] on 23 and 24 December and transferred from there on the evening of 24 December in TAB's [Armored Amphibian Transports] to the headquarters of the Ministry of Defense. It was learned later that one of them was Maj. David Aurel (an officer of the MAPN [Ministry of National Defense] originally and a valuable historian), formerly in the group of four on watch, and who voluntarily surrendered on 23 December to the forces in the former CC headquarters after Ceausescu's flight. Another one was a revolutionary detained in the same building who is now leader of a political party, and 18 of them are still unidentified by me, at least one of whom should have been presented in order to help demonstrate the theory of the terrorists if it was proved that he was a terrorist.

It is not exactly easy to learn the truth, and the ways of the Lord are mysterious and obscure. We want the work of these governmental and parliamentary bodies (let us call them investigating and fact-finding bodies but also ones to exercise justice) to be as beneficial as possible and their results to be as productive, complete, real and credible as possible. All that will help to correct those who are still using assertions and advancing speculative and unsubstantiated theories with harmful agitating effects (including those of political scientist S. Brucan, with which we have been favored today), and the world will be better documented and perhaps more at peace.

## YUGOSLAVIA

### Mesic Interviewed on Country's Future

91BA0464A Belgrade POLITIKA in Serbo-Croatian  
31 Mar 91 pp 9-11

[Interview with Stjepan Mesic, vice president of the SFRY Presidency, by POLITIKA newsmen Dr.

Aleksandar Prlja, Radivoje Petrovic, and Radoje Arsenic in Zagreb on 29 March: "We Will See What We Have in Common"]

[Text] It is no simple matter to interview Vice President Stjepan Mesic at this particular moment. This is a political personality who, from his occasional statements, most of the Serbian public and Serbian people have put down as someone who does not always choose his words. Some of those statements were taken as offensive among many Serbs. Nor were certain statements of Vice President Mesic on relations in Croatia received much better, especially when it comes to the treatment and rights of the Serbian people who have been living as a constituent on Croatian soil for centuries now.

At a moment when all of Yugoslavia, as demonstrated by last week's meeting of the six presidents in Split, finds itself dangerously on the edge and at a crossroads, when in Belgrade and Serbia, by contrast with certain other Yugoslav communities which are officially democratic, democratic pores and processes are opening up wide, where the role of the opposition and the press is that which is proper to a modern European society, we deemed it worthwhile for the readers of POLITIKA to also hear from Mr. Stjepan Mesic, vice president of the SFRY Presidency. Stjepan Mesic received our newsmen, Dr. Aleksandar Prlja, Radivoje Petrovic, and Radoje Arsenic in Zagreb and by and large answered all the questions he was asked. The answers to some seemed to us very roundabout and vague, but we leave the judgment on that to the reader.

Before we left his office in Zagreb, Vice President Mesic told us that it would be good if there were broader direct contacts between the newsmen of the important Belgrade and Zagreb newspapers. This would contribute, he believes, to calming down the "media war." As far as POLITIKA is concerned, we are hereby gladly making our contribution. The day after the disturbing news that "Croatian volunteers" are right now being recruited abroad—which our newspaper made public in a report from Zagreb—we think that no more can be expected of POLITIKA. We are publishing the interview with certain slight abridgments of a technical nature.

[POLITIKA] We would first like to thank you for receiving us, indeed, even on Good Friday. We take this occasion to express our best wishes on your holiday. (Mesic: Thank you very much.)

Mr. President, with all due respect for your office and in general, we must remind you that you have a rather unfavorable image in a large segment of the public in Serbia. You probably know that, but, to be honest, that result has been achieved not only by certain information or disinformation, but also by some of your own statements. For example, there is the case with the famous statements which the ordinary Serbian people perceived on several occasions as something insulting and humiliating. We are referring to those peasant sandals, we are

referring to those deprecating (as perceived) interpretations of the Serbian people's place in the history of Yugoslavia and this part of the world. It would not be out-of-place for you to say something on that topic on this occasion. How do you see that attitude toward the Serbs in our joint state, in which we live?

[Mesic] As for my image in Serbia, we can probably look at it from both angles. There was the remark about the sandals because only a part of my statement was conveyed to the public, particularly in Serbia. What I said more or less, and I say it now, is that the Croats in Gradisce, in Austria, did not carry Croatia away on their sandals, they carried Croatia with them in their heart, but they are citizens of the Republic of Austria and they can seek their own fortune and happiness in Austria. They can communicate with their parent nation, they can feel themselves to be Croats, but they must be loyal citizens of the Republic of Austria, and in that context I said that neither did the Serbs bring Serbia to Croatia in their sandals, but they came here and can be completely equal citizens, except that their collectivity must be guaranteed—all the rights of the collectivity which the other collectivities have living on the other side of the border, in the European countries, that is what the Serbs in Croatia must have, and indeed even more.

Accordingly, it is not the question that the Serbs may have less rights, as a collectivity they may even seek to have more. We measure the democratization of a society precisely by the scope of the rights it gives to the collectivities which are on its territory.

[POLITIKA] What do you think, viewed in principle, of the contribution of the Serbian people to the creation of that common state as to the measure and the manner in which it has existed?

[Mesic] In that context, we can also look at the contributions of others. (POLITIKA: Right now we are referring only to that nationality. We can, of course, measure the contributions of others as well.) First, that collectivity is also the largest in Croatia, and this is a nationality which belongs to the same cultural space, and it is certain, if we were to omit the Serbs, the educated Serbs, the scientists and writers, the figures in the field of culture, if we were to omit them from the body of the Croatian people, Croatian culture would be considerably damaged. Likewise, if we were to take the Jews away from the world, what would remain of world culture, of world science? This is something that, when one nationality becomes integrated into a society, it enriches that society, and I suppose that is the case with the Serbs, that they have enriched our common culture.

#### **Copied From the Serbian Constitution**

[POLITIKA] Recently, there was a program on Croatian television in which several historians from here spoke about the unification of Yugoslavia. There was mention of that first state as the state of Slovenes, Croats, and Serbs. In that first state, the Serbs were a constituent element of the state. Under the new Constitution of

Croatia, they no longer have that status, and in our opinion that is the source of many of the problems, all the way to this final problem with the Krajina. Please comment a bit on that position.

[Mesic] That is disinformation as well. The Serbs—just like all citizens of the Republic of Croatia—are a constituent element. After all, this state is not the state of the Croatian nationality alone.

[POLITIKA] Is that written in its Constitution?

[Mesic] It says of all its citizens. The same that is written in the Serbian Constitution.

[POLITIKA] And it does not say of the Croatian people?

[Mesic] Exactly the same as it is written in the Serbian Constitution. I can tell you that this was copied from the Serbian Constitution.

[POLITIKA] Practice is following a bit different line, and the Serbian people have the sense that they cannot decide on its destiny because of the possibility of being outvoted as a nationality in the final settlement of the question of Yugoslavia.

[Mesic] There certainly can be no question of the Serbs in Croatia being able to set apart certain opstinas, certain local communities, in which they have a majority of the population. That is not possible in any state, including Croatia. But rights must be guaranteed. That is basic.

[POLITIKA] That is the main topic and the main complication, but it is the result of a failure to understand: Living in Yugoslavia, the Serbs do not live in a foreign state when they are in Croatia. That is basic.

[Mesic] They live in their state.

[POLITIKA] All of us in a broader sense are living in a state which is called the Republic of Yugoslavia.

[Mesic] We must also look at this in its historical continuity. That is, the Serbs lived in one state even in the old Yugoslavia. That did not make things any better for them, nor did it for the other nationalities because they also lived in one state—nothing was any better. That old Yugoslavia, to be sure, died in the "flower" of youth when it was only some 20 years old, and those nationalities in it were not happy. (POLITIKA: It was murdered in 1934, if we want to be accurate.) Yes, yes, accordingly, they were not happy, and now we come back to the situation where the Serbs are the only ones to have the privilege of living in one state.... (POLITIKA: They all have it. All our nationalities have it.) That privilege is limited by the privilege of the others. Then all the Croats would also have to live.... (POLITIKA: We do not see what is wrong with that.) Then we go back to the old model, and we cannot reconstruct that society according to the new model in which all are demanding to be content, but if we go back to the old model—we have not resolved anything. We will all be dissatisfied because everyone is dissatisfied with the present model

of the Federation. (POLITIKA: We completely agree.) If we go on to a new model of the Federation (POLITIKA: Some common state?) in which majority rule will be still more pronounced, we will again have an unresolved problem. You see, it is like multiplying one times one. I do not have to tell you that the Slovenes do not want to live in such a state, nor do the Croats, nor in fact do the Macedonians.... (POLITIKA: Nor do the Serbs!) Even the Serbs do not want to, but we must all go back to the old model so that the Serbs will be [original reads "not be"] satisfied. Why do not the Serbs change their way of thinking and say: Fine, let us draw up a new model with a new historical treaty in which whoever remains will guarantee absolutely equal rights to all on both sides of the border?

### The Old Model Is Not a Solution

[POLITIKA] The Serbian people, as you know, have a situation, not only because of their numbers, but because of how long they have lived in the sections of Yugoslavia, without disputing that this is also true of Croatia, that all of a sudden, out of a relative peace in a common state, they might find a large segment of their nationality—too large a segment—becoming a minority in certain situations. Do you think that this can be avoided through a more up-to-date and relaxed conception of Yugoslavia?

[Mesic] I can tell you that every model which either leads to the model that has been outdated for decades and decades, or which would retain the present model, is no solution for the others. Accordingly, it is not a solution for the Serbs either. But I will tell you my opinion on this. I think that the model of an alliance of sovereign states opens up the greatest opportunities precisely for the Serbs because they live in several Yugoslav republics. This may seem paradoxical, but it is a fact. What am I talking about? In a historical treaty such as that, whereby we would create an alliance of sovereign states, we would relieve all the political and ethnic tensions, we would enact compatible laws with Europe—with united Europe—and in that way we would enter Europe as a model which is compatible to the European Community and would be opening all borders. We are not closing those borders, but actually opening them, and every nationality can communicate normally within its own body. Let us not look on our borders as borders which could be a Berlin Wall or Chinese Wall. They will be open borders, and every ethnos will be able to communicate to the fullest. That is not a danger to the Serbs.

[POLITIKA] Does that mean that we should strengthen borders in order to achieve what you are talking about?

[Mesic] No, no, you have not understood me well, we must individualize within our states, our republics—individualize—that is what Europe has been doing. Europe first individualized, and we made a blunder, not by our own choice; our nationalities did not make that blunder because they wanted to, they joined together in the first Yugoslavia both because of the will of the great powers and also because of their own aspirations for the

South Slavs to live in this region in a single state. Both things played a role, but it is a fact that the model which was offered was detrimental to all. That was not the trend in Europe, it first individualized and now it is integrating on the basis of interest.

We must face certain facts, for example, that we did not individualize in time. Now we have the opportunity to individualize, and on the basis of interest, to integrate both in this region and with Europe. In practical terms, all the nationalities are afforded the full breadth of their complete development. I do not see those borders as borders which will separate, but in a new model—as borders which will facilitate communication. So, everything that people now are attempting to create and impose as being against a particular nationality is, I think, taking the discussion in the wrong direction.

[POLITIKA] It is our impression that the Serbs in Croatia are thinking of an organizational model of Croatia in which it will be possible for them as a nationality to express their commitment as to whether they will individualize together with the Croats and then join them.

[Mesic] Again you are pursuing the argument that the Serbs in Croatia could possess the Croatian space of statehood. No one can do that. No one. The Republic of Croatia and all its citizens are equal. It is not possible to form a state—a region or Krajina—because that suits some particular policy outside Croatia. That is impossible. Just as Serbia has its space and does not allow any other authority to be structured in that space, I see no reason why Croatia would have to be under some protectorate.

### Yugoslavia as a Pandora's Box

[POLITIKA] It seems paradoxical now when we have firm borders. Second, we must bear in mind that Yugoslavia was created as a Pandora's box. It is very difficult when nationalities are brought together and deprived of a referendum.

[Mesic] Do not tell me that all Italians live in the same state, that all Germans live in the same state, that all Frenchmen live in the same state. Why do you insist on this privilege for the Serbs?

[POLITIKA] All the Serbs live in the same state.

[Mesic] They need not live in the same republic. But in all other republics they must have all the civil rights and rights of the collectivity.

[POLITIKA] I hope that partitioning does not occur because it will not be good.

[Mesic] What about the Croats in those regions?

[POLITIKA] We will see....

[Mesic] It will be one old woman, then another old woman, until the last Serbian house is reached.

[POLITIKA] We do not believe that that complicates the situation. You might say that historically [the speaker uses first the Serbo-Croatian word "istorijski" and then the Croato-Serbian word "povijesno"], in an earlier encyclopedia, according to the Austrian census in the eighties there were 1.5 million Serbs and 1.4 million Croats on the soil of what is Croatia today. It is a fact that the problem does not lie with ordinary citizens; they have always been here, they had their rights if they had newspapers, local and cultural autonomy, their own type of public, all of which exists in Kosovo—that is one of the reasons why this Bantustan, you say, is closing down university schools. Who opened them? All of that is in the best intentions to open them. If you want to break off, that is another matter. If we remain in Yugoslavia, there is no problem.

[Mesic] The problem of the Serbs in Croatia is not the problem of the Krajina. The problem of the Krajina is a problem imposed. After all, you cannot seek autonomy for the 8 percent Serbs.

[POLITIKA] Why 8 percent?

[Mesic] Only 8-10 percent of the Serbs are in Knin and those opstinas which are adopting proclamations. What will we do with those 90 percent of the Serbs who live in other parts of Croatia. That would be an absurdity.

[POLITIKA] It is the same when you realize that Albanians represent 14-15 percent of the population in Serbia. No more than that.

[Mesic] That is why I think that we should stick to principles.

Just as Europe has agreed on its borders, in spite of the fact that those borders have never been fair—they have been fair only in the case of island states—no other borders are fair, but they are facts. These colonial people, when they were liberating themselves from their colonial masters, resolved that it was worth more to them to hold those borders than to go to war to change the borders. So, let us agree to draw up our little Helsinki, and say that we recognize the internal borders, regardless of how they came about, and let us fight for rights of all within those borders, let there be European and world standards that will guarantee that. If that is done, the regional development of Europe—we need not burden ourselves with the present date nor a date five or six years from now—the regional development of Europe will provide solutions for all of that.

[POLITIKA] Yugoslavia will be a part of a region, not each of those republics.

[Mesic] Let us leave at least something for the future to work out.

#### Against a Referendum

[POLITIKA] Because it is obvious that a certain appearance of the community is being projected in political circles, do you think that that people should express

themselves in a referendum? In your interviews and in the preparations for this interview with you, one would say that you are against the referendum. We would like to hear your line of argument in support of that position.

[Mesic] Because it involves the Republic of Croatia, and its space is indivisible. We feel that by that same logic there would have to be a referendum held among the Croats in Serbia. Accordingly, then Janjevo would probably belong to Croatia because in Janjevo, as you know, and in the nearby villages the population is mainly Croat. If I am not greatly mistaken, you would tell me that that would be an absurdity.

[POLITIKA] A referendum of the Croat people would naturally be accepted. In this respect, we should support the policy of the Serbian Government and this is something we should believe in. Once we are in a quasi-common state, it would be better not to open that Pandora's box, but rather seek other *est modus in rebus*, solutions, or let there be a referendum for all nationalities.

[Mesic] When we speak in numbers, then these are always relative things. We have opstinas where the population is 45 percent Croat and 55 percent Serb. If that opstina separated, and they have now adopted a proclamation saying that they recognize only the Federation, but do not recognize the republic, if someone in Serbia adopts such a proclamation, you would put them all in jail. As you see, we have not arrested anyone.

[POLITIKA] We have a different opinion.

[Mesic] What would happen to those Croats who have lived on their own land ever since they came to this region? Just because the Serbian population is 5 or 6 percent greater, does that mean that this is no longer Croatia? Is that the reason you think this is possible?

[POLITIKA] We think that it would be better to have a certain community in Yugoslavia.

[Mesic] Fine, we have talked about Yugoslavia. That model of Yugoslavia can no longer survive, it does not "hold water." We feel that that model has not satisfied us for 70 years, and that model of a state obviously is no longer viable. We favor an alliance of sovereign states with all rights, individuals, and collectivities. Accordingly, we can always reach agreement here. That is why we should not burden ourselves with whether there are more or less in this or that local community. We will wear ourselves out in that way, but we will never arrive at a solution. It is simply impossible to work it out. Not even to mention the problem of Bosnia. There are three nationalities living there. What do you think, in what way—it is too bad that those nationalities do not live right along the border. The parent nationality is in another republic, but that segment of the nationality does not live right on the border. Do you think that it is possible, without a military conflict, to make a transfer of that human material, a portion...

[POLITIKA] Mr. Vice President, you mentioned an alliance of sovereign states as a formulation.

Europe does not take a favorable view of six sovereign states. Regardless of all the advocacy of all the parts joining the European regions, Europe takes an uneasy view, at least on the basis of statements of leading officials, out of a fear that six sovereign states might make complications for the kind of Europe they imagine.

[Mesic] I will tell you my opinion. I think that Europe will accept everything we agree to without the use of force. The only solution which does not suit Europe is one imposed by force. Europe will accept everything that we agree on.

[POLITIKA] Because leading circles in Europe shrink from that, we will do well to think it over three times before we cut. That is some old wisdom of both our peoples.

[Mesic] That is why we have undertaken the discussions. As you see, the talks are taking place at various levels: Some are taking place in the Presidency, and then in the Federal Assembly, and yesterday there was a discussion among republic presidents in Split.

#### There Must Be Respect for Other People's Arguments

[POLITIKA] How does that seem to you. You are more up to the moment than we are.

[Mesic] If nothing else, all the problems have been brought up to date, they have been put on the table, they have been presented with their full weight. But people must always respect the arguments of other people. Accordingly, I assume that the negotiations are the place where the arguments of others will be given their value. Which means, if everyone holds only to one opinion to the very end, then these are no longer negotiations, and negotiations are worthwhile only if we are seeking those points on which we agree, and that is why it is the art of negotiation to seek what we agree on. I think that Kiro Gligorov's proposal was praiseworthy because what he said is that we should first see what powers we have to give to that association of ours, to agree on those powers, and with respect to foreign affairs, with respect to defense, with respect to the economy. When we see which powers those will be, then it will be the simplest thing to give a form to all of that. But if we set the form in advance and then seek the powers, we will be in a tunnel we cannot get out of.

[POLITIKA] Does that approach seem best to you? We think the same.

[Mesic] Yes.

[POLITIKA] Mr. Vice President, on several occasions, and this has been felt, when in Serbia the public is highly pluralistic—there are gatherings, demonstrations, and various movements—you have spoken in such a way that we must ask you whether from your high position in Yugoslavia you must give that kind of negative picture of

affairs in our country to foreigners to whom you talked, concerning bolshevism, concerning arrests? This is all the more strange in view of the actual situation in Serbia.

[Mesic] In a time of media warfare, when the government in Croatia is satanized, and when a propensity to genocide and fascism is imputed, it is not easy to put up with all that. You probably have to respond to the person who has charged you with all that. If in this way a hotbed of crisis is artificially created, let us take Pakrac as an example, and all the press writes: this one says 40 people died, the next one says six, this one gives the names of those who died, hundreds of wounded, a pogrom against the Serbs, but in actuality Pakrac demonstrated a great truth—that people, ordinary people, are more sensible than many of those who write scenarios for them and more sensible than those who supposedly represent them. No one fired on anyone. When it is said that no one fired on anyone, it does not sound like much. But 150 people fired from one side onto the other side, 300 rounds per person were fired, and no one was wounded, no one killed. There were three policemen wounded by ricochets. Accordingly, no one fired on another person. That is evidence that both the Serbs and the Croats are intelligent and realize that this cannot be resolved by conflicts and that there are no scenarios that help here. People are too intelligent to accept that.

[POLITIKA] To what scenarios are you referring? What kind of scenarios?

[Mesic] The scenario that was expected of Pakrac because Pakrac was supposed to join...if that is not clear to you...when the conflict began, that lack of restraint in Pakrac...that very same day the assemblies began in Serbia, rallies began to be held to support the long-suffering Serbian people in Croatia because a pogrom had begun against them. Which means no one is getting any information.

[POLITIKA] But the people are afraid.

[Mesic] Wait now, they are afraid because they are getting the wrong information. If that kind of information is being launched in Serbia, it is clear that they will go to the Assembly and they will be against the Croatian Government. If that Serb in Serbia knew that in Pakrac a group of armed people attacked a Croatian police station....

[POLITIKA] Who were those armed people?

[Mesic] Armed civilians who posed as a kind of auxiliary police unit, who armed themselves without authorization.

[POLITIKA] They were probably activated by the legal police station.

[Mesic] No, but the SDS [Social Democratic Party] put pressure on the opstina president. A mobilization cannot be carried out when someone feels like it. There is a kind of coordination. It cannot be done when one president of an opstina wants it. This can be done only by Milan

Babic, he can even declare a state of war whenever he likes. Listen, there are some people for whom the new year does not begin on 1 January. But let us leave that to one side. However, 16 policemen were disarmed and expelled from the station, and the Croatian police came, the Croatian Ministry of Internal Affairs, and disarmed those usurpers. That is all. There was no need whatsoever for an army, no conflicts whatsoever, there was no shooting—everything was as orderly as it could be.

#### Weapons as a Contribution to Dialogue

[POLITIKA] This brings us to a delicate topic. Many Serbs read the Croatian press, but they have not felt good recently when in Croatia they see parallel armed units being formed, when in Zagreb, Osijek, and even on the coast, they feel absolutely uneasy. Because of these new phenomena, they feel worried, threatened, uneasy. Does it contribute to dialogue when everyone is forming parallel armies or is it better to talk unarmed?

[Mesic] When the so-called log revolution began, we must always go back to when things began, and not look at the consequences, but when it began, when on 15 or 17 August they began in Kninska Krajina to intercept travelers, to close down roads, to blow up trains, to blow up the railroad track, to mistreat tourists, to mistreat Yugoslav travelers, at that time Croatia tried to purchase weapons for its police from domestic sources because you must know that the Croatian national defense—territorial defense—has been completely disarmed to the last rifle—250,000 weapons were carried off. Croatia is beginning to be threatened, it is beginning to be threatened first from within, and second, rallies are being organized in Serbia against Croatia, against what is called the Ustasoid government and against those genocidal Croats. There are threats that hundreds of thousands will come to Croatia and restore order. They must, after all, protect someone. The press has become so involved in this that it has altogether satanized the Croatian Government, which has no defensive mechanism whatsoever except to arm its police. That police has been requesting arms from domestic sources and not getting them, and the only logic was for the government to seek arms from outside, from its trade network.

[POLITIKA] The log revolution began because you declared over TV that tanks were headed for Knin. Arms are not exactly commercial goods.

[Mesic] No, but they are paid for just like any other commodity because no one gives them away. Which means that Croatia has armed its reserve police and its regular police. Following the order of the Presidency, all those weapons were taken back into the police stations. As far as that goes, there are no problems at all.

Second, there is talk about paramilitary organizations. We must first understand what paramilitary organizations are. All those organizations which wear uniforms and carry weapons and are not the Yugoslav Army are paramilitary organizations. Which means that even the police is a paramilitary organization.... (POLITIKA:

Better put, paralegal.) We are talking about illegal paramilitary organizations. Paramilitary organizations exist only in Knin and those several opstinas. Now those illegal paramilitary organizations have attacked the Plitvice Lakes. Do you really think that there is any idiot who will come and spend the summer on the Plitvice Lakes if there are 80 bandits there cruising around and sticking guns in the throat of Nikola Lapov to make him submit his resignation? Do you think that a legal government can tolerate and put up with that? And to what point can it be tolerated?

Accordingly, when we talk about those weapons, we are talking about the fact that the police are armed and that in the police stations there is no connection whatsoever with illegal armament.

[POLITIKA] Nor any connection with legal armament, if we may be so bold as to observe. You know, Mr. Vice President, that in Hungary a scandal broke out which almost brought down the government. The matter became very dramatic because of arms.

[Mesic] Are the arms in legal hands in police stations? That is the essential thing. And what has Serbia got to do with the number of police which Croatia has?

It never occurs to me to ask how many police Serbia will have?

[POLITIKA] It is not a question of Serbia and Croatia, but of Yugoslavia.

[Mesic] So long as Serbia feels that it needs police, Serbia will make a decision to that effect. But we must still take into account that we live in a plural and democratic society. Tomorrow, when there are elections, then those voters will decide about their government: whether this money is best spent to buy arms or something else should have been bought? The decision on that should be made by the voters in Serbia, Croatia, Bosnia-Herzegovina, and Slovenia. Let us not harbor an illusion that the Croatian problem can be solved by someone in Serbia!

[POLITIKA] Nor can the Serbian problem in Croatia, if it exists, be solved by someone with pressure.

[Mesic] Only the Serbs and Croats in Croatia. Not by any kind of separation. What do you think, that we are so naive that we do not know who is financing that police and that government which turned against us? Do you think that is done without money? As soon as you pick up the telephone, that costs money.

[POLITIKA] We are not in a position to say.

[Mesic] I know, I can tell you. When I say I know, then we do know who is doing the financing.

[POLITIKA] Tell us, not for their sake, but for the public. POLITIKA will publish that.

[Mesic] There is only one channel through that Arkan.

There is one question of yours I did not answer, and that is that the Serbs are being made afraid, and hatred of the Serbs is being instilled in the Croats. So long as the propaganda builds against Croatia and against the Croatian Government...(POLITIKA: And against the Serbs...) this will cut both ways. It is precisely by ending this media warfare, through negotiation and agreement, I can tell you, that is the only way the problem can be solved.

#### About Knin and Pakrac

Those events in Knin began when I was prime minister. The first thing I proposed to Mr. Babic and all the opstina presidents was this: Gentlemen, let us go and meet wherever you like, let us talk, let us see what the problem is. Whatever the problem, we will lay it on the table and solve it, but we will talk about the problem. All the opstina presidents agreed except Babic. It is true that I did not talk to him, but with Veljko Popovic, the chairman of his executive council.

They sent a Fax from Knin saying that the Croatian prime minister was not welcome to take part in any talks in Knin or in any opstina. When I am asked whether I favor talks, I do and I favored talks even then, and I am for talks now. Now I hold a different position, but if my presence would help to solve the problem, I am ready even now to go to Knin, to go to Gracac, to go to Lapac, to go to Korenica, wherever you like, I will go.

There is one more thing I must say: When the Pakrac cases broke out, we met in Pakrac: five generals, General Gracanin, as the minister of internal affairs, federal; there was the Croatian minister of internal affairs; there were colonels; there were captains; and it was said that the people are uneasy, that people have gone off into refuges, that there are five refuges, that they are cooking in these refuges, just as was done during the war. I must tell you that during the war I was in refuges in that area, precisely in that same Bucje, where they said the refuges were.

When they had all had their say, I said: Gentlemen, I will be very brief because it is getting late, but it is still daylight—I would like to make a tour of the refuges. Then the commander of the garrison in Varazdin, a general who was there, said—There are no refuges at all. There are people who have left their homes to go with friends and relatives because there was shooting. That is normal, any sensible man will leave a place where there is shooting, but there were no refuges at all.

That was the basis for the terrible campaign they waged against Croatia in the Serbian villages bordering Vojvodina. Dozens and dozens of buses brought Serbian children.

[POLITIKA] Bucje was proclaimed Chetnik?

[Mesic] All of that was planned, gentlemen. If I myself had been a Serb in one of the villages and I heard that 40 had been killed, hundreds were wounded, there was a

pogrom against the Serbs, what would I have done as a Serb? In front of me there is a bus from Vojvodina taking the children. I would say: Get into the bus, I will look after myself, but save the children.

#### Who Has Lost His Job

[POLITIKA] What is your comment on the datum which Dr. Stipe Suvar presented in a Sarajevo studio on a program in which you also took part that 70,000 people in Croatia have been discharged on political and ethnic grounds?

[Mesic] I must say to you that no one has been discharged on ethnic or political allegiance. The only places where anyone has been discharged for political allegiance is in the bodies of government structured on the basis of the election results. Suvar could not remain in this post when the government was structured altogether differently.

[POLITIKA] But in the economy?

[Mesic] The problem is the same in Serbia and Croatia. Most economic entities have been placed in a difficult situation, many business enterprises are collapsing, many have locked their doors, and both Serbs and Croats have lost their jobs. Accordingly, do not think that the Serbs have fared worse than the Croats. They have all been doing badly. Now we have to find a way out of that and make it possible to get fresh capital and create new jobs, make it possible for capital to come into the country, but not through government borrowing because the government is not a good businessman, the government in general does not husband resources well. There is no government anywhere not being plundered by its citizens. If the government has money, then people are stealing from the government. The government should get out of the money business, foreign capital should be attracted that will be invested on the basis of interest, taking advantage of our resources, and we take advantage of their capital. Unfortunately, we must also swallow some things. In Croatia, thought is being given to granting concessions for highway construction, although this means giving up some of our sovereignty for 20-30 years, but we will get highways. I absolutely do not care who owns the highways in Germany.

[POLITIKA] In Serbia, we have opened up that possibility by passing the Law on Concessions.

[Mesic] If we had done that 30 years ago, we would have been in an altogether different position and now would be talking. There are many problems we would not have had. In the end, most of the problems revolve around economic interest, and the fewest revolve around ethnic and religious issues. Those are only concomitant phenomena, everything else, you see, has always been a question of interest. If we resolve our mutual relations and everyone's interests are protected, we will have here an oasis of peace, not a keg of gunpowder. I will do everything in my power so that in the end it is an oasis of peace.

[Box, p 9, left]

### **I Will Stick to Principle**

[POLITIKA] How do you see yourself in the role of the president of the SFRY Presidency during the next term? You have said that everything would be cleared up by May. It is not clear to us what will be cleared up.

[Mesic] I will answer you quite simply. I am both a legalist and legitimist. Accordingly, so long as Yugoslavia exists and so long as it functions, I will always want it to function as well as it can and to the benefit of all. Accordingly, my views in the Presidency will always be such as to protect interests.

[POLITIKA] Are you certain you can do that?

[Mesic] My opinion is that so long as this model persists, it must function and must function as well as possible if we are to be able to agree at all. My personal opinion, which has nothing to do with performing the duties of my office, is another matter. It is my opinion that another model would perhaps function better. But that is the way I think. The job to which I was elected and for which I have a mandate is another matter, and I will perform that part of the job as well as I can. I must also tell you wherever I have worked I have tried to do my job properly, to do it with the greatest ability, whatever my intellectual and physical abilities allowed. I will do the same in the position of president. I now hold the position of vice president, and I think that no one can fault my proper performance in my job, and it is another matter as to whether someone agrees with my statement or not.

[Box, p 9, right]

### **On the Milosevic-Tudjman Dialogue**

[POLITIKA] We live in a society with at least six members. However, a working dialogue has been established between Presidents Tudjman and Milosevic that is having a very serious effect from the standpoint of our chances of coming closer together. What do you think about that?

[Mesic] I think that you are right. But I even agree with the position that now talks are being held at the level of statesmen, but I would even be happy if the opposition parties also contributed to resolving this crisis, if they met and made proposals at the level of Yugoslavia: the Socialists with Socialists, the Communists with Communists, the Republicans with the Republicans. This would not bother us at all. It would only be a good thing.

[Box, p 10, left]

### **Where Does the Distorted Picture of Serbia Come From**

[POLITIKA] Mr. Vice President, you have spoken about a one-way satanization of Croatia; when talks, negotiations, and agreements are under way, it is logical not to

engage in such things. But the personality of the president of Serbia and relations in Serbia's mainly democratic society have been satanized here to such an extent that last night when people saw the president on the screen, at least some 30 of them contacted our newsmen and expressed no adverse opinion of what President Milosevic said. On the contrary, they said they were pleasantly surprised. If you have taken a look at what is being written here—it has a horrifying effect on Serbs.

In the public in this community there is a unisonance that is disturbing because of the consequences distortion of the picture could have. What is your thought on this?

[Mesic] It is true that Milosevic is not exactly a favorite in Croatia.

[POLITIKA] He is not a favorite, but we are talking about something else.

[Mesic] Second, once again matters go back to an earlier date. That is, every people and every state, and in our country every republic as well, has the kind of leadership it elects.

[POLITIKA] If it has been democratically elected?

[Mesic] If that is the choice the citizens of Serbia have made, they have the good or bad luck of that kind of leadership, but no one else can enter into that. I absolutely agree with you.

[POLITIKA] A terrible picture has been created.

[Mesic] But when in Serbia they first boycott Slovenian goods, and they sever normal business relations, and in that same Serbia they carry out an assault on the monetary system which is costly for all of us, amounting to the plunder of the century, that is my opinion. Second, when a tax is imposed on goods from Croatia and Slovenia so that the Croatian economy—I need not speak about Slovenia—is no longer competitive, because it must post a deposit which eliminates it from any possibility of competing, that means that you are discriminating from the very outset....

[POLITIKA] Is that your explanation of this picture?

[Mesic] Yes.

[POLITIKA] That picture was created long before those events.

[Mesic] When now they take away 180 of INA's pumps in Serbia, when they take away all "Bagat's" stores, when they take away all the stores of "Gavrilovic" and "Varteks."

[POLITIKA] The picture was worse before all the things of which you speak.

[Mesic] Do not expect people to be enthusiastic about those things.

[POLITIKA] Mr. Vice President, the picture was still worse before all those examples. Our opinion differs from yours in this respect.

[Mesic] Just think about where in Croatia a decision has been made to discriminate against the economy of Serbia.

[POLITIKA] No agreement has been reached at the Yugoslav level about anything, not even about this kind of primary and other note issue. Croatia stopped paying into certain funds. There are a great number of other explanations, there have been a great number of sins, there is the constitutional blockade and chaos, but Serbia was the third party to become involved in all that.

[Box, p 10]

#### Any FEC Must Face the Facts

[POLITIKA] How do you assess the FEC on balance from the standpoint of Croatia's economy?

[Mesic] I will tell you my honest opinion. I think that the FEC program was not drawn up by the will of one man committed to this or that. There were consultations with world-class brains and minds, worldwide and domestic institutions, and intelligent people here at home, and a concept was drawn up for resolving precisely this economic crisis. But it was based on several premises. There had to be political peace and there had to be support from world capital.

Because there has been no political peace, and support of world capital has not been forthcoming, it is obvious that this program can no longer survive. It must be modified. I think that either this Executive Council or another one that would take its place must bring forth a modified program that will acknowledge the present facts. It would not be based on assumed facts which did not come about, but on those which have come about, and it must take reality as its point of departure, and the program must be drawn up on the basis of those realities.

[POLITIKA] Which means that it is not a question of tearing down, but of building up?

[Mesic] Of modifying a program which can bring benefit to all.

[POLITIKA] Do you believe there is a chance of our having a stronger component of business expertise, and do you think that we will get that before 15 May, as you have said?

[Mesic] If realities are faced, intelligent people can always find solutions.

[POLITIKA] Do you agree with the assessment that it is the federal government that is not facing a large part of reality?

[Mesic] I definitely would have to agree. At all levels, people have taken as their point of departure the circumstances under which they would have liked to work, not

the actual circumstances in which they are working and living, and I believe that they will all take lessons from that, probably including even the FEC.

[Box, p 11]

#### Institutions of the Future Community

[POLITIKA] How do you see the institutions at the federal level, that is, the institutions of the future Yugoslav community?

[Mesic] I think that, first, when it comes to defense, we can arrive at a rather elegant solution: We would have a federal army, we would have republic armies, which would be approximately something similar to the territorial defense we have had up to now, and that in case of a danger to any member, they would all come to help each other, and especially the mobile and well-equipped federal army, which can all be worked out through treaties and agreements. Accordingly, those republic armies would not threaten anyone, just as Europe and the European countries do not threaten one another because they have their own armies, but, you see, they are moving toward integration.

[POLITIKA] Is this not a bit further from the federal army than the present official proposal of Slovenia and Croatia?

[Mesic] That is how I see the problem.

As for foreign affairs, why could not the ambassador of that confederation of ours or that community of ours—but let us not worry about the form of that community of ours—why could he not present credentials on behalf of the Republic of Serbia, Croatia?... We could agree to have joint diplomatic missions, but every republic would have consular services where it felt that it needed a consulate. That is also possible. All that is soluble, if there is goodwill.

As for the economy, we should prescribe what Europe is building into its integration. To have compatible laws with the European countries, to have a compatible tax system....

[POLITIKA] Is that difficult to achieve?

[Mesic] It is not easy, but it is possible.

[POLITIKA] The tax system, the monetary system, foreign trade. Those are things that would help greatly.

[Mesic] Perhaps in all those agreements we should look most closely to see what those functions are, what shape they should be given, and how they should be organized. Let the lawyers figure out afterward what the form should be.

### Plans To Create Croatian-Muslim State

91BA0474A Belgrade BORBA in Serbo-Croatian  
30-31 Mar 91 p 3

[Interview with Dr. Fuad Muhic, professor in the School of Law of Sarajevo University, by Dragan Bisenic; place and date not given: "Competition in Backing Off"]

[Text] The move of Fuad Muhic, once an ideologue of the Communist Party, to the ranks of the Croatian Law Party, led by Dobroslov Paraga, has once again brought the professor in the School of Law at Sarajevo University back into active political life. Following the end of the rule of the League of Communists, one of that party's most visible ideologues attempted to establish the Republican Party of Bosnia-Herzegovina. By all appearances that attempt has remained unsuccessful; however, the ideological premise that Bosnia and Herzegovina can get through to the West only if they have strong ties with Croatia and Slovenia has remained the same. Also, there is still Muhic's firm rejection of Slobodan Milosevic. In taking up his post, as it was officially stated, of ideologue of the Croatian Law Party, Fuad Muhic mentioned that his task was to oppose the "penetration of St. Sava bolshevism" and "creation of a new empire of Tsar Dusan."

During the election campaign in Bosnia-Herzegovina, note was taken of what happened in a presentation of the opposition parties in the Federal Republic of Germany, whence representatives of the Socialist Alliance of Bosnia-Herzegovina brought back news about Fuad Muhic's behavior and his "courting of the Croats." Because he is now a member of the Croatian Law Party, we asked Dr. Muhic by telephone:

[Bisenic] Why are you "courting the Croats"?

[Muhic] That is a charge that has been made against me to the effect that I am against the Serbian people. However, every ethnic group's regime has an opposition composed of members of that group. It has been gratifying to me to have foreseen the truth about Slobodan Milosevic's regime, but that was not criticism of the Serbian people, but criticism of Slobodan Milosevic's regime, which is authoritarian toward an ethnic component.

[Bisenic] However, when you established the Republican Party in Bosnia-Herzegovina, you said that Bosnia and Herzegovina should establish stronger ties with Croatia and Slovenia and that for Bosnia-Herzegovina the road to the West passed through those republics.

[Muhic] In my attempt to establish the Republican Party, I took real historical postulates as my points of departure. Bosnia-Herzegovina has an open road to the West through Croatia and Slovenia, that is, through the model of those regimes. There was no way we could reach the West using the model of Slobodan Milosevic. We have held to the principle that real socialism failed on the same postulate used to establish the regime of

Slobodan Milosevic, Momir Bulatovic, and certain others, and we wanted at that time to find an alternative in terms of the multiparty systems in Slovenia and Croatia. We have said that we support all the democratic orientations in Serbia, but even then we expressed reservations that there are no differences among Slobodan Milosevic, Vuk Draskovic, and Dragoljub Micunovic on three basic points. They are the issue of the Muslims in Kosovo, Sandzak, and Montenegro, and of the Orthodox in Montenegro who have not declared themselves to be Serbs—Jevrem Brkovic, for example. Personally, I have nothing against the idea of establishing a unified Serbian state in Yugoslavia, and that means that limited sovereignty must be imposed on Croatia and on Bosnia-Herzegovina. But both the Croats and the Muslims have the right to respond in kind. They should also be allowed that, and then let it be seen in a competition what happens when one homogenized ethnic ideology confronts another homogenized ideology. In that sense, I am an advocate of the sovereignty of Bosnia-Herzegovina, and without Croatia it has no road to the West. That is also the reason why in part I have adopted the program of the Croatian Law Party.

[Bisenic] In part?

[Muhic] I insist on the sovereignty of Bosnia-Herzegovina, but also on historical ties with Croatia and Slovenia. We also support democratic developments in the East. Here, Vuk Draskovic is even more flexible than Slobodan Milosevic, and Dragoljub Micunovic has expressed views which go in a similar direction.

[Bisenic] The Croatian Law Party, however, accords limited sovereignty to Bosnia-Herzegovina.

[Muhic] I consented to insist on independent states, and we should stick with that term. It is another matter that it evokes negative associations. I disassociated myself from that independent state in 1941 and 1945.

[Bisenic] However, the Croatian Law Party does not insist on independent states only in an attributive sense, but its understanding of the independent state of Croatia also includes Bosnia-Herzegovina.

[Muhic] In Bosnia-Herzegovina, the Serbian Democratic Party is insisting on a unified Serbian state, and that in turn means that others have the right to their unified states. Even now, five opstinas in Croatia have proclaimed secession from Croatia, and 42 opstinas are being planned for Bosnia-Herzegovina. Why, then, is that right of other nationalities being contested, and why is discussion of a Croato-Muslim state being evaded?

[Bisenic] Does the Croatian Law Party have chapters in Bosnia-Herzegovina?

[Muhic] It has one branch, and in the party they have agreed that I would be its ideologue under certain conditions.

[Bisenic] Why did you not join the Democratic Action Party or, say, the Muslim Bosnian Organization?

[Muhic] Both parties are Muslim, and I respect Mr. Izetbegovic and Mr. Zulfikarpasic, but everyone has the right to his own choice. I am convinced that Bosnia and Hercegovina cannot travel toward the West without Croatia and Slovenia, and we cannot seek a model in Serbia.

[Bisenic] And what will you do now?

[Muhic] I have been officially installed as ideologue of the party, and I have nothing against that. In that context, I have undertaken to formulate a sensible program that would be a response to the creation of a unified Serbian state, so that then they will be equal parties.

[Bisenic] What will that program be like?

[Muhic] I am not authorized to speak about it now because there are several possibilities. A Croato-Muslim coalition cannot be avoided. Not as a conflict, but in the sense of historical parity, now that Karadzic, Milosevic, and Raskovic have already decided to break up Yugoslavia. However, it would be best if both sides gave that up.

### Slovene President Kucan on Independence

91P20306A Ljubljana DELO in Slovene 2 Apr 91 p 2

[Article by Boris Suligoj: "With What Kind of Dowry Into Europe?"]

[Excerpts] Milan Kucan, president of the Presidency of the Republic of Slovenia, addressed the symposium on work organization, stressing that trends toward integration should prevail.

Portoroz, 1 Apr—"It is our common wish to implement the decision adopted at the December plebiscite as soon as possible. It is also our firm commitment to achieve this in a peaceful and democratic way and by consensus. Ultimatums, pressures, and imprudent and unfounded unilateral decisions will be of no benefit to us." [passage omitted]

"It cannot and it must not be irrelevant to us how we join the emerging European and international community and how we will be received, whether we conclude this journey on our own or together with the other Yugoslav republics. The world will shape its attitude toward us on the basis of what we have left behind us, and what we have brought with us into the family of free and democratic peoples and states. We will have to speed our pace so that we do not remain a stagnant European province, a pool of cheap labor, and a breeding ground for competent personnel, and, in the cultural, intellectual, economic and political sense, a country on the outskirts of Europe, to be avoided or even feared as a threat to peace, security and disintegrational tendencies in the European area. Therefore it is also important that our eagerness and real need for a faster change of present circumstances and a speedier solution to the 'yugosclerosis' do not sidetrack us." Milan Kucan said it is now more

important than ever that all political parties be ready to overcome the disintegrational trends with sociointegrational trends, and that first of all, we ourselves accept our independence and sovereignty "so that later we would not need to struggle even for this—that the legitimate bodies of our republic could implement legality and law and order in Slovenia, that we ourselves would be responsible for these values, and that this right would not be denied to us, or taken over—against our will—by federal authorities. Thus, even with the best democratic and legal documents, formed in accordance with all European standards, a sense of common interest and a democratic social climate is also essential."

### Poll on Popularity of Slovene Political Figures

91BA0447A Ljubljana NEODVISNI DNEVNIK in Slovene 20 Mar 91 p 9

[Article by Vlado Miheljak: "Opposition Ahead of the Ruling Parties"]

[Text] Ljubljana, 20 Mar—If the latest poll on party strength corresponds even approximately to the actual strength of Slovene parties at this moment, then the trends during the past two-three months have been even further consolidated. On one hand, Demos is actually further and further from an absolute majority; on the other hand, a major redistribution in the votes of Demos voters is taking place. Now, for the first time since the election campaign (in December 1989) the current opposition parties have a higher percentage of votes than the coalition of ruling parties together. Polls in the coming months will confirm or refute that result.

At any rate, there has been a considerable growth in the number of those who (at least at present) cannot find a party with which they could identify themselves without hesitation. Such a "preelection" attitude is bringing those we asked closer and closer to European results in similar polls. Consequently, we can expect that in the future, attention will be redirected in the election struggle to catching the "undecided," i.e., that section of the voting population that in the Western world constitutes an enigma and a risky variable in predicting election results. Major changes are consequently occurring only within Demos. As we have already stated several times, the Christian Democrats are still maintaining themselves as a very strong party with an increasingly more "normal" demographic composition. The Social Democrats are holding out the best of Demos's original parties. Certainly the most powerful parties remain the SDP [Party of Democratic Reform] and (in second place) the Liberal Democrats (LDS). These basic determinations are also confirmed by the results of SJM and Variant's large overview poll (more than 2,000 polled).

The situation with the popularity ranking is much simpler. In addition to Kucan, who is still in undisputed first

place, Drnovsek and Peterle have above-average popularity, changing between second and third place from week to week. If we compare the ranking of the 10 with the highest positive and negative ratings, we can classify the truly "powerful" politicians into three groups. In the first group we could place Drnovsek and Kucan, who are acceptable to a majority of voters, regardless of their actual party preference. They consequently also receive exceptionally negative votes (especially Drnovsek). The second group includes politicians who rank high on both scales (both on the scale of positive choice, and the scale of negative choice). This includes Peterle (who is receiving fewer and fewer negative votes), Skolc, Pucnik, Bucar, and Rupel. The third group (a high negative and low positive choice) includes above all both of the ministers who manage the most thankless ministries (defense and the police). In this regard we should emphasize that until recently, the defense minister also received high ratings on the positive choice scale. Subsequent polls will show whether this is only a momentarily poor ranking for the defense minister, or a more stable trend.

Let us emphasize once more that the popularity poll published in DNEVNIK is quite "focused": Those polled choose for themselves the individuals whom they assess as positive or negative. Polls for some other newspapers, which offer closed lists of politicians for assessment, consequently obtain somewhat different results (for instance, relatively marginal politicians with a good ratio between positive and negative assessments in very high places).

### Reorganization of Slovene Intelligence Service

#### VIS Chief Interviewed

91BA0394A Ljubljana DELO in Slovene 2 Mar 91 p 22

[Interview with Miha Brejc, chief of the Slovene intelligence service, by Zarko Hojnik; place and date not given: "We Are Eavesdropping on 80 Telephone Subscribers"]

[Text] [Hojnik] When the Gulf war broke out, the Iraqi president stated that his people would carry out various terrorist acts around the world. What did your service do for the security of the state as such and for the safety of people and installations?

[Brejc] At the beginning of December, we analyzed the situation in the area that we call the "struggle against terrorism," and determined all the possible points where we needed to pay more attention. That means that we monitored the movements of specific individuals, and we used other methods and means of gathering information that gave us better and more detailed insight into the state of affairs. In that context, we also contacted other corresponding services in Yugoslavia and outside it. While awaiting the actual military conflict, we thus also made suitable preparations ourselves and intensified our surveillance. If you mention the reports of 50 terrorists, etc., it should be said that we did not detect those individuals on Slovene territory, or, as far as we are

aware, in Yugoslavia either. In January, when the war had already begun, we discovered several individuals who belong to that group of terrorists, and then we dealt with them appropriately—we turned them over to an investigating judge.

[Hojnik] There were probably two people?

[Brejc] We turned the people we dealt with over to the court.

[Hojnik] Where are those individuals from?

[Brejc] I would rather not say at this time, since things can have negative consequences...

[Hojnik] Did you find any equipment on them that would indicate that they are terrorists?

[Brejc] People who have several passports, who have entire bunches of keys to very powerful automobiles, who have some sort of lists, etc., are certainly people to whom we must pay attention.

[Hojnik] Did those lists include any names from our country?

[Brejc] No. They were other people. And those people were here...

[Hojnik] The foreigners who come to Ljubljana also include Albanians, those who come from elsewhere and those who live here. Foreign and Yugoslav newspapers as well have reported that there is some Albanian command center here and that Sigurimi [Albanian intelligence service] is still active here...

[Brejc] Those are two questions: One is the activity of Sigurimi on our territory, and the other is the Albanians themselves and their activity, especially those who do live in Kosovo or are connected with it. As far as the Albanian intelligence service is concerned, I doubt that it has a residence or anything similar in Ljubljana. We know, however, that that service has residences elsewhere. Certainly, one cannot rule out the presence and activity of that service in Slovenia, but I could not state that any particular activity was involved. The activity of Albanians from Kosovo is common; they live here, of course, and they are seeking their own place to survive. There is also certain political and cultural activity, but mostly economic reasons are involved—interest in employment, etc.

[Hojnik] The events in Croatia in connection with the military KOS [counterintelligence service] and the Defense Ministry regarding the weapons imported from Hungary nearly put certain things at risk on 25 January. Croatia was directly facing a civil war.... What sort of contacts do you have with their Ministry for Internal Affairs, and do you cooperate with their SDV [State Security Service]?

[Brejc] I cannot say much about the relations between the Internal Affairs Ministries of Croatia and Slovenia,

because the republic secretary for internal affairs is responsible for that. With respect to the SDV, there is the usual, very correct cooperation—primarily cooperation in the area of terrorism and so forth.

[Hojnik] Perhaps we also bought weapons in Hungary? Did the Slovene Defense Ministry also get them through Croatia?

[Brejc] That question should be addressed to the Secretariat for National Defense. As far as I know, we do not have any Kalashnikovs...

[Hojnik] Belgrade's POLITIKA wrote that you mistreated KOS officer Malkoc when he visited you for talks, and that you threatened his family...

[Brejc] That, of course, is the usual style of writing for that newspaper—if it even still deserves such a name. Colonel Malkoc announced himself to me on Saturday, 26 January. I received him in my office. He came alone, on orders, as he stated, to deliver to me an order from the commandant of the Fifth Military District, Konrad Kolsek, that JLA [Yugoslav People's Army] activities were to be restored to their normal framework. I explicitly asked him whether the JLA's activities were really being restored to their normal framework, and he confirmed this. I recorded the business part of the conversation on a tape recorder, in his presence, and I cannot rule out the possibility that he also recorded our conversation. I asked him why he was notifying me of that order, since I was not the official president of Slovenia and I could not even authorize for it. He answered that the Fifth Military District command had made that decision; another reason was that they knew about our service. "At times we were as one," he said. In short, it was a very correct conversation, that lasted for an hour or so. During that hour Malkoc and I spoke on a cultured level about certain issues that affect both services. I could not state that there were any harsh words between us whatsoever. Of course, we have a tape recording of it, which we could also eventually make public. Threats and so forth—that was all invented. It is not in my nature to threaten people.

[Hojnik] What has your cooperation with the military KOS been like since then?

[Brejc] Whereas very close cooperation was characteristic of the previous period, now the situation is completely the opposite. One might say that there is no cooperation. In the months since I have been here, we have only done a few so-called checks on specific individuals who were to occupy posts in the Army. In short, cooperation has been almost completely suspended. Even more than that—as I have already stated publicly several times, in our work we have noted KOS activity beyond its normal scale. The JLA intelligence service is trying to act within internal affairs organs and also within Slovene territorial defense, the Republic Secretariat for National Defense, and elsewhere. It is interested in government bodies in Slovenia and naturally in those who work in that framework as well. All of that

indicates that the above-mentioned statement by Malkoc is not true. At that time the Army actually reduced its typical military activities, but on the other hand increased its intelligence and probably also its counterintelligence activity—in violation of the regulations that apply to that service, I am afraid.

[Hojnik] Some of your employees—field operatives—are acquainted with those people from previous times. Do you think that they are putting pressure on them in order to obtain some information?

[Brejc] Some of our people are quite well acquainted with JLA intelligence officers, and have been for 20 years or more. They have become friends or at least close acquaintances. Those people are still meeting each others, in restaurants or whatever, and clearly it can be a problem. We have established an entire series of mechanisms to prevent information from leaking.

[Hojnik] On 20 February Petar Gracanin publicly stated in the Assembly that cooperation with the VIS [Security-Information Service] in Slovenia was poor and that he was sending you an inspection team, which would determine what was happening within the secretariat, and specifically in the VIS.

[Brejc] Cooperation with the federal State Security Service really is no longer what it once was. We have limited that cooperation to a very narrow sector (for instance, terrorism, and to a lesser extent our intelligence and counterintelligence activity), and that, of course, is only to the extent that is appropriate in our opinion. That has probably given rise to doubts about our service in certain federal institutions, but we think that our first duty is to serve the Slovene state. We are therefore cooperating primarily in all those tasks of other intelligence and similar institutions that are aimed at preventing violent acts in the area of terrorism. Of course, what Gracanin said only applies to the extent that it concerns our cooperation. We are no longer cooperating to the same extent as before. An inspection team, of course, is one of the regular forms of activity of the federal bodies. The federal SDV authorities visited all the republic headquarters every year. We responded to the federal secretary for internal affairs that we were not accepting inspection teams in Slovenia and that we also would not do so in the future, either formally or informally; that, of course, does not mean that we are not prepared to continue to cooperate on all issues that are in the common interest. As for that part of Gracanin's statement that some parallel service is appearing here, I think that it is a question of ignorance, since after all, in the Federal Secretariat for Internal Affairs we have a deputy federal secretary who is from Slovenia, and several other people who were in that service here and who have been informed about what is happening in Slovenia in that area. They know that the service's name and also its activity, in a certain respect, have been changed by the law amending the Law on Internal Affairs. We have also

informed some of them about how our service is organized. In short, I doubt that the federal minister does not know "what is really happening."

[Hojnik] Our newspaper published photographs of marked doorbells in front of apartments in Ljubljana, although that has also occurred outside Ljubljana. Which citizens were "marked" in that manner?

[Brejc] First of all, I must say that VIS is not involved in such matters. That is really excessively primitive and unsuitable behavior. What do those small circles, small crosses, and letters mean? I do not know. It could have been done by collectors, all sorts of salesmen...It could also have to do with some sort of children's games. It would be hard to say what all that means. It would be quite interesting to determine who lives in those apartments, and then perform an analysis. Does this involve only military personnel, as it is said, or non-Slovenes, or someone else? In short, someone would have to collect and quickly process that data in order for us to see at least at that level whether this is merely a question of hints, or something else.

[Hojnik] Your services has branch offices, in addition to its headquarters. How are they organized now?

[Brejc] The reorganization of the SDV is not just a change in name, but rather a serious organizational encroachment upon that service. We eliminated all SDV centers in Slovenia, which were previously in all the larger places. We organized the security information service differently; I do not want to go into details, for understandable reasons. In place of those centers, we have formed only four operational areas. What does that mean for the people who live in those areas? Nothing! Our activity is not aimed at the internal sphere, at the political orientation of individuals, or their outlook on the world.... The services are no longer involved in that. Our new form of organization, consequently, will by no means affect people, but will increase the service's efficiency.

[Hojnik] But you have probably also reduced the number of employees?

[Brejc] I must mention one more of the reorganization's goals—there were too many people in that service who were in management positions, and real operatives were in the minority. In the entire organization, operational work in the field was a minority. One of the goals of the reorganization was precisely reducing the number of management and leadership personnel in the service, and increasing the VIS's operational capability. We were truly radical and reduced the number of management personnel approximately tenfold.

[Hojnik] The authority possessed by your operatives, i.e., VIS employees, has been extremely reduced. Only how is one of your operatives supposed to react, act, and intervene now if, for instance, he is faced with two international terrorists, if he does not have any authority and cannot even carry weapons?

[Brejc] The loss of police authority represents a serious problem for the employees of that service, or at least a certain portion of them. For instance, if some terrorist incident occurs where weapons have been used, the VIS employee will exceed the permitted limits in an instant, since he cannot deal with that same person physically, he cannot threaten him, he cannot handcuff him, and he cannot deal with him in accordance with the usual police procedures. He has to call the militia or another service for that. I cannot imagine how things will go if police authority is completely taken away. It is true that we are cooperating with other administrations within the RSNZ [Republic Secretariat of Internal Affairs], and also planning joint operations, but one cannot completely rule out the possibility that our operative will find himself in the kind of conflict situation in which the use of police authority would benefit him. Let us understand each other—I am not in favor of giving police authority to everyone! I am firmly convinced that people in certain types of jobs in our service, those who work on terrorism, for example, and whose lives are more at risk, ought to have police authority, because otherwise they simply cannot combat such activities. On the other hand, militia employees have police powers, and detectives as well. I think that there is simply too much fear of the State Security Service.

[Hojnik] Independent Slovenia will also be faced with the issue of economic development. Will your service also work in the area of industrial espionage, and help to resolve the numerous cases of disloyal competition, and the conclusion of harmful agreements with foreign partners, since that can seriously threaten the state's economic stability?

[Brejc] The VIS will be active in the economic area in every respect, but primarily in detecting those activities which undermine the economic foundations of the Republic of Slovenia. It would be wrong to think that we will have one of our people in every enterprise. We will act in those areas which are of vital interest to the Republic of Slovenia, and there we will try to contribute to strengthening the economic system. That, of course, does not rule out dealing with, for instance, industrial espionage in the broadest sense of that word—protecting our innovations, technological solutions, and advantageous proposals that are exclusively ours and that we have generously shown to foreigners in the past. Of course, it will also involve uncovering attempts by foreign services in our economic area. In addition, we will possibly deal as well with the conclusion of harmful agreements, or activities that indicate that this could occur. In any case, we have already begun to get involved in that. In the economic area we have prepared a program that we will present to the leadership of the Chamber of Commerce. We would like to warn leading businessmen about the main activities of foreign industrial spies.

[Hojnik] Otherwise, what is the activity of foreign intelligence services here like, in view of the events in our country?

[Brejc] We are uncovering various activities, but we have noted that the most frequent method for obtaining information is bribery. One can do anything with money, and that is also the hardest thing to uncover.

[Hojnik] There have been a lot of polemics over the gasoline tax, and people also think that this has to do with buying weapons. Will you investigate where a large percentage of the gasoline tax for the roads is going?

[Brejc] That is certainly not an area for the work of the State Security Service, since the budget is adopted by the Assembly of the Republic of Slovenia. The budget will come before the Assembly soon and it will be seen there what the Republic of Slovenia will use the designated funds for. I can only give my personal opinion on that: If the money has been collected with the road tax, intended for the roads, then it would be correct for it to be used for the roads as well. If that is not the case, then it would be better to simplify everything together and introduce only one tax.

[Hojnik] How many times has your service used special technical means, or working methods, to obtain information? Did you have to ask a court in order to do it?

[Brejc] The regulation that an investigating judge should issue a decision allowing a telephone to be monitored is no longer in effect. Consequently, we have not gone to a court in those proceedings, but the procedure internally is very complicated—four signatures from authorized individuals are needed, and so forth. It is precisely because of a fear that because of that law our operational effectiveness would be seriously reduced that we had a meeting with the president of the Supreme Court and her colleagues. I am really satisfied that they decided that there would be only one institution in Slovenia that would act as an investigating judge, and that it would be available 24 hours and would process our proposals expeditiously. We are continuing to inform Dr. Dusan Plut, the chairman of the Slovene Presidency's Council for the Protection of the Constitutional Order, of whose telephones we are monitoring in Slovenia. We are giving him a computer printout with all the information. It is a strictly guarded secret, but we are giving the chairman of the Council all the information—and consequently he is informed of the problem. The use of technical means is very restricted, not least of all because we have seen that there is very little that is useful. After the rumors that everyone is being listened to, people probably talk very cautiously on the telephone, and especially, of course, the ones we are handling (for instance, potential terrorists, etc.). There have been no particular results.

[Hojnik] Then why do you do it at all?

[Brejc] Because it is one of the possibilities for us to obtain some sort of very useful information sometimes. That is a contradiction to a certain extent, of course, but life is like that. We still have to keep track of things, and at some point something may come up. But we must state that all of the permits to use technical means have been associated with a specific period of time. After

three months, it is necessary to carry out the whole procedure again, and judge whether our operation is advisable.

[Hojnik] And how many people are you currently listening to?

[Brejc] In all of Slovenia, I think, there are less than 80 telephone subscribers, that is, people under our surveillance. That is at present. For normal operational work that is really not many.

[Hojnik] Are they the telephones of individuals or enterprises?

[Brejc] They are individuals who are under our surveillance.

[Hojnik] Do you use the method of secret searches of apartments?

[Brejc] The VIS does not secretly enter apartments and search them. Since I am on this subject, we have not entered any apartment without the knowledge or presence of the owner or tenant. The scope of our work really has changed and those activities no longer exist.

[Hojnik] Do you also use methods like tailing and photographing, that are also used in other countries?

[Brejc] We use all those methods specified by the law. Essentially, we are already acting in accordance with the provisions of the law that has not been passed yet.

[Hojnik] Foreign intelligence services are also active here. Are they from the West or the East?

[Brejc] Both. The interest of foreign intelligence services has increased since the process of separation has begun—not only in Slovenia—as we have seen that a certain circle is being somehow completed around Slovenia, more than before. Inquiries after specific types of information have also become more noticeable.

[Hojnik] Is that economic, political, or military information?

[Brejc] All of it.

[Hojnik] Who are the ones who are of interest to a foreign intelligence service?

[Brejc] There is nothing new in this. All those who have access to important information are of interest. It is also possible to approach them legally. We ourselves are also striving to strengthen the analytical part of our work. We would therefore like to form a high-quality, professional team of highly qualified people who will know how to reach conclusions on the basis of quite legally available information. That means that in addition to newspapers, magazines, bulletins, etc., we will also use certain sources of information such as, for example, data networks.

[Hojnik] Who receives the information that you collect?

[Brejc] The information that the VIS collects is received directly by the secretary for internal affairs and "political circles," i.e., the president of the Presidency, the president of the Assembly, the president of the Executive Council, etc.

[Hojnik] But is it really strictly reliable information?

[Brejc] Of course, since "political circles" have to be well-informed. There is probably no doubt about that.

### Issues of Jurisdiction

91BA0394B Ljubljana DELO in Slovene 2 Mar 91 p 22

[Article by Bostjan Horvat: "Long Live the New Political Police"]

[Text] A naive concept of political police as the organization which, on orders from the ruling elite, persecutes its opposition, has led the authors of the new legislation on that area into a unique paradox: the obstruction of one political police and the creation of a completely new one (parallel security systems).

The old definition of political police will no longer suffice in the times of a newly emerging Europe, a relaxation of tensions between the blocs, and finally, times when the individual, with all of his attributes, is coming to the fore as the foundation of the new Slovene state. If the ruling elite has lost the possibility of using the political police to protect its power in the struggle with the opposition, at any rate there is a convincing need for the individual to be the subject of such protection as well.

The essence of the activity of political police is that it uses secret means and methods for apparently legal work. Any fact obtained by such methods and means that is not intended for judicial proceedings means political police activity. A fact that is not used for judicial proceedings is undoubtedly intended for the information of the ruling elite.

Such a definition applies to the use of secret methods and means on the territory of a national state. Their use outside the state depends upon foreign policy, and most states are familiar with such use. The state establishes separate security and intelligence services for that purpose. The former have authority within the national borders, and the use of secret methods and means is regulated by law; intelligence services, on the other hand, are subordinate to the sovereign of the state, and their authority is restricted by law to the territory of foreign states, since the use of those means is controlled only through government and assembly commissions.

The establishment of the new Slovene security and intelligence service, with the unusual name of the Security-Information Service [VIS] depends upon an amendment to the Law on Internal Affairs. In principle, it will prevent the use of secret methods and means outside the sphere of criminal acts; only the question arises of the legislation under which the intelligence part of that

service can operate. The abolition of secret searches and eavesdropping is undoubtedly welcome on domestic territory, but at the same time the law also prohibits it for intelligence purposes. The intelligence service cannot function on the basis of such a law. The minister of internal affairs is the only one who will decide on all measures taken by that service, and thus on intelligence matters as well. No internal affairs minister in the world has such authority. Also unique is the regulation that the minister will specify who is an officially authorized individual in the internal affairs forces. The employees of the VIS will undoubtedly remain without such authority, but the law will not regulate that. The matter is not so very simple, if we look at article 101 of the draft law on defense and protection, which establishes a security body with the same tasks as the VIS. It has to do with uncovering and preventing actions that are violent violation of the social order regulated by the Constitution, formulated in amendment LIV of the Slovene Constitution. The amended law on internal affairs contains similar wording. In short, it is a question of performing the same tasks, with the provision that the security body will perform its tasks only within the administrative bodies of the national defense forces. We can recognize the stratagem in the same part of article 101 of the defense law, which specifies: "Designated noncommissioned officers and personnel of the security body, in performing the tasks in the previous paragraph, have the same rights and authority as authorized individuals in internal affairs bodies."

An essential component of the former political police was classic police powers, which the new law on internal affairs is taking away from VIS personnel, but the defense law introduces them for certain personnel in the security body. Consequently, long live the new political police!

The unusual fraternity of the two ministries may have unpleasant consequences for the future formation of the Slovene national security project. The passage of both laws is taking an unusually long time (an entire year), but Balkan events are requiring intensive activity from professional security and intelligence forces. The basis for their work is above all the legislation that has been prepared; it is the fundamental condition for their professionalism. The former State Security is involved primarily with its own problems and is not organized in such a way as to oppose the shameless activity of the military political police. The KOS [counterintelligence service] is performing intelligence work in Yugoslavia, and is therefore acting as a political police. Instead of immediately forming a national system in this sphere, the Slovene authorities have made a typical childish mistake: They are fighting a political police with a political police. The tasks are distributed in such a way that the old State Security only learns the basic information that the internal affairs minister provides them, since the new law gives him the authority to decide which professional security service to use.

Hidden from the eyes of the public, a new security system is emerging, with all the characteristics of a political police. It is not just a question of a parallel security system without control mechanisms, but also the preservation of activities that prevent respect for human rights.

Both laws are going through Assembly proceedings, and the profession is loudly advising caution in reorganizing the SDV [State Security Service] and the necessity of forming a Slovene national security system (project). Probably the activity to date of both ministries has already done considerable damage to the Slovene state and the security profession in Slovenia. A panicked reaction to provocations from Belgrade and the JLA [Yugoslav People's Army] must necessarily substitute for the professional and organized formation of a national security system that would contain internationally recognized standards in this area.

The recent announcements by the Slovene Presidency about the reorganization of the SDV into the VIS are the result of a political compromise between two opposing political groups, each of which is burdened in its own way with the old SDV. Almost every day we hear fairy tales about how there are no more political police in Slovenia, and in the public media appear mostly good fairies, who are shown to us primarily in a completely human, vulnerable aspect. The tragedies that we, who are employed in that service, have experienced, at least from the JBTZ [Yugoslav Foreign Trade Bank] on, remain food for Slovene "high politics."

The new name for the Slovene political police is the VIS. What will a person who suddenly comes into contact with that service think first of all? If someone from the VIS announced himself to someone who is uninformed, he may think that he is being visited by someone from the remote Adriatic island [Vis]. He could also think that he has business with a musician (from the vocal and instrumental group). Intellectuals will be justifiably concerned and skeptical about the purpose of that service. VIS in Latin script means anything but a service that will deal with him in a dignified manner.

It is not just a question of the name, of course. The biggest mistake in the reorganization is in preserving the "domestic intelligence network" that is a remnant from the times of total political surveillance. The Presidency's announcement clearly expresses the demand by Slovene political circles that the VIS also has to prevent surprises like a JLA intervention in Slovenia. Such a demand is completely destructive in nature, and at the same time represents the absurdity of the situation in which the SDV finds itself. Its old apparatus, which was formed by the previous regime on the basis of a negative personnel selection, is not capable of using professional arguments to oppose such demand, and furthermore, it lives in constant fear of complete elimination (the recent threats from the Slovene Presidency). VIS represents a compromise, which preserves almost all of the former State Security hierarchy, under the condition that it offers the

old "operational network" to the new political circles. For that reason, legislation suitable to it that does not separate the intelligence and counterintelligence sectors, permits the internal affairs minister to decide who will be an official authorized individual, and leaves it up to his judgment to decide which professional service will perform an individual task (even "Section 9"! is welcome. The old State Security can survive under the complete control of political circles (the minister of internal affairs), if it puts the old means of gathering information into operation.

What should be done?

1. Above all, it is necessary to prevent the adoption of the law on amending the Law on Internal Affairs, and to delete article 101 of the new Law on Defense and Protection.
2. The authority of the Assembly commission for oversight of the State Security Service should be extended to all security services where the use of secret methods and means is possible.
3. Under the Council for State Security, it is necessary to form a group of experts for the formation of a Slovene national security and intelligence system (project).

#### **Vrdoljak Views on Media Termed 'Undemocratic'**

91BA0405A Zagreb *DANAS* in Serbo-Croatian  
12 Mar 91 pp 42-43

[Article by Jelena Lovric: "The Fear of Landing"]

[Text] Antun Vrdoljak probably did not even suspect what his words would sound like from a distance in time of less than three years when he said that he felt "aversion if not abhorrence of politics," which at the time when he was shooting his film "Glembajevi" ("The Glembajcs") was his answer to a newsman's question of whether it was not a bit conformist in the social, economic, and political situation of that time to concern himself with the classics, rather than with some hot topic anchored in the current crisis. Recalling that man is a "spiritual being," he emphasized that that category is "more important than momentary political connotations." Vrdoljak went on to say: "What is more, I have little faith in politics, and I doubt that I could be successful at it. It is also dangerous when politics concerns itself with the individual; I have experienced that...and I did not like it.... I keep as far from politics as possible, simply because it is a low-level crude and everyday affair."

The passage of time would only confirm the positions Vrdoljak stated at that time. It is too bad for him as a creator of films, and also for his homeland—by which he swears so readily today—that in the meantime he has forgotten them or renounced them—successfully demonstrating all the while how right he was at that time. That is, Vrdoljak, to his own detriment, was in the end unable to resist the call of politics, and it, both in these newly

rewritten editions, just as in those old ones, is unable to use people in the right way. Instead of leaving distinguished business executives in the economy and established artists in the field of art, it draws them into the front ranks of politics, into a business they do not know, often in this way turning experts into tyros, turning people into freaks, and their places are filled by political commissars. Thus, honor and privilege are turned into a handicap. Even when he sat at the feet of the republic's top leader, it is true, Vrdoljak would say that he was not a politician and that it was late for him to learn it, although he did find a common boundary between film directing as an art and politics as a skill: "Both rise up out of chaos in a desire to make order." But while he was able to do that on film because he is a superb professional, in politics Vrdoljak often operates like a bull in a china shop. The nobility which is an integral component of his film is lost in politics, where he has displayed an incredible ability to make enemies.

Perhaps it is because Vrdoljak also plays politics as though it were show business, just as he has taken up everything else in life, predisposed more to the effect than the content, to the emotions than to the reason. Just as he has made films people wanted to see, Vrdoljak has tried to produce a populist politics. A dynamic workaholic, always a bit high-strung, ebullient, a man of great personal charm and tireless eloquence, a conversationalist who never lets the facts and constraints get in his way, a man with a quick tongue and inclined to mockery, clever in his improvisation and imitation, Vrdoljak has always had enviable success as a public performer: He has been a journalist, an actor (he received two "Gold Arenas" for that skill), and then he made films, breaking records for their popularity and becoming one of the Yugoslav directors awarded the most prizes.

People like to forget today that at one time he was not far from being called a regime follower. In the late 1960's and early 1970's, at the time of the "black wave" and its persecution, Vrdoljak, as he himself was to say on a later occasion, did reincarnations of the Partizan films ("When You Hear the Bell," "A Green Pine Grows in the Forest"), a different Partizanism from the one done earlier, but nevertheless...On a later occasion, but not recently, he would say that in such films he was supported by Bakaric, who told him: "Do them because you speak the language of emotions and people will believe you." He added that he himself would stumble politically if he launched from the speaker's platform what Vrdoljak was saying at the time through his films. As Bakaric noted, Vrdoljak had a wonderful mastery of the skill of playing on people's emotions, except that today he is using it for certain purposes which Bakaric could hardly have countenanced. Or would Comrade Vlado also have changed today?

Although even for Vrdoljak, as for many other intellectuals and artists in Croatia—especially those who were close to the government—he had difficult days of public isolation and trouble finding work, he still does not have all that much reason to insist on the fact of his having

been frustrated and persecuted, although today he is building his political image precisely on being one of the Croats who were destroyed. It sometimes seems that he would give I do not know what to be able to say that he had spent a few days in jail at that time. Certainly, the spiteful treatment of his television series "Beggars and Sons" was traumatic; it lay in the vault for 12 years for no reason whatsoever, but because it was in line with the idea of political suitability held at that time. Probably it was also a traumatic experience to run his own chicken farm, which he did for a time when there was no work. Although just a year or two ago he said that because it had given him more time for his family, his children, and himself, he was "terribly grateful to politics," recently he has emphasized that episode in his life so much that it seems that he is making more capital out of his poultry farm today than he did then. Vrdoljak is still among the directors who managed to do a great deal of good work even during the time when the clamps were on in Croatia: He shot "Cyclops" and then "The Glembajcs," films based on books which have first-rate importance in the language. Not to mention the fact that in the meantime he specialized in advertising films, which he produced with a great deal of intelligence and wit in his home workshop, involving his entire family and five children, that is, the entire—as he himself likes to say—Vrdoljak dynasty. Some of them, like those for the candy that improves your breath, promoted him to an untouchable master of the highly lucrative spot ad. As someone said: If he knows anything, then Tonci knows how to make money.

Although Vrdoljak will be remembered for his achievements in the film, today his projects wait for a day when he will have time for them. He says that there are "films that have still not been shot on the shelf, on the desk, in fantasy, in his head," but today the artist is taken up with the business of his nationality and his state. As a man who always knew the right place to be—although even he wandered a bit during the election campaign, and he flirted with the HSS [Croatian Independent Party] and then was in close relations with the Coalition—he was soon to be found in the group that was victorious. The result: a post close to the president with authority over the news media, which (both the authority and the media) he took too literally. Although Vrdoljak likes to brag that they have not removed anyone in this sector, have not thrown anyone onto the street—but if they wanted, he says, the feathers would fly—there is a well-founded rumor going around that he managed to manipulate removals in a manner similar to the one used by the former government: mobilizing the will of the workers, of "self-management," which insists on removals, and in this way the avengers sit in judgment on journalists and editors.

At the time when he became the chief of Croatian media space, Vrdoljak told me that the first condition for journalism in Croatia is that it be Croat, promising in addition that he would not arrest those who practiced Serbian, Italian, or Slovak journalism. He did not say at

that time what would happen to those who applied in journalism only the criteria of professionalism, and those criteria are not ethnically colored by any means. It did not occur to him how undemocratic the promise that no one would be arrested sounded. Because he thought this was being very magnanimous. Now that today he has taken over the post of heading radio and television journalism, he is repeating the same thing: The radio and television will be kept Croat. As though they were not already! So, it is yet to be seen what that actually means. It is expected that in this job as well—which up to now was for show because the directors of radio and television had the real power, but in future it certainly will be different—Vrdoljak will operate through a combination of the carrot and the stick, which is the official stance he has displayed ever since he has held political office. As presidential adviser he had a habit of asking for certain interviews to be sent to him before publication or threatened certain newspapers with destruction because of a satirical column at his expense. Said to be endlessly, pathologically vengeful, a man who bears a grudge and always has a bit too much adrenalin in his blood, Vrdoljak admitted in his first statements after the announcement that he would take up the new post that those who are afraid that he will be a holy terror are right. He began to display an unconcealed enjoyment in the use of his power, and he did not shy away from being authoritarian or instilling fear. Precisely as he once put it: Power precludes goodness. In just the way he behaved in Split, where—rescuing the Gymnastics Championship, which Croatia had to win mainly for political reasons—he instituted marshal law and a tyrannical regime.

Although quite recently—before the vice presidencies were abolished—he spoke about his last role in politics, and although he says today that he consented to his political revival only because of Tudjman's persistent requests—the homeland is calling again—it cannot get along without him! Vrdoljak's relationship with the president is not pure and simple. And just as it is for all other political careers in Croatia today, that aspect is extremely important. Vrdoljak has known Tudjman since what they call their underground days: when he shot his advertising spots in Tudjman's villa. Although after the election victory Vrdoljak was one of those in Tudjman's staff headquarters who, by his behavior toward the president, is responsible for the latter now considering it quite natural that a stamp with his face should be printed in a series with three other great Croats (after only a few months in power!), there are quite a few who say that Vrdoljak actually is on the right wing, that is, a hawk, the group with which the president has been having a great many problems. Judging by his political speeches, there is always too much Dzodanish radicalism and exclusiveness, hotheadedness and froth, a great deal of revanchist anticommunism, cheap anti-Serbism, identification of the Ustashi and the Partizans, unverified statements like the one to the effect that the shipyard in Split is keeping money in Belgrade banks, and threats that the referendumists in Knin would be arrested.... His

speeches were combatively intoned, in the same manner in which they were launched from the hot core of the HDS [Croatian Democratic Community] in the election campaign—so that it always seemed that Vrdoljak was out-of-sync—or they were a political circus act, similar to the clowning of Kertes. Exactly as he once said of someone else, that he had a defect in his vocal apparatus because he became excited by his own tirade: "incoherent speeches in which people fall victim to their own words." However, the gossip in the Croatian court has it that the definitive cooling between Tudjman and Vrdoljak occurred when the president heard of the vice president's speculation about who might replace him as father of the nation. That is why there was no understanding at all for Vrdoljak's desire that the new Constitution retain at least one vice presidency. In the post of director of radio and television, Vrdoljak can be valuable, but at the same time he is far enough away from the presidential court.

In his new post, Vrdoljak can once again choose between politics and profession—if he has not already made a definitive choice. Between Havel and Kertes Bracika—he has been compared to both, with the first because of his image as an intellectual which he found in politics, with the latter because of his behavior—it seems, that is, Vrdoljak has already made his choice. He has said that it was late for him to learn politics. But is it not early for him to forget what he knew? He said three years ago that "all of us who sometimes allow ourselves to be manipulated by politics should get rapped on the nose and to should go press our noses into the meadow." At that time, he told his story, "which is political": When he received his first "Gold Arena" in 1958, they carried him from the rostrum through the streets on their shoulders as a great hero. "You know, when they throw you up in the air and carry you, pull you this way and that, the world looks a bit different from up there." When he later freed himself from those carrying hands, he found that he was missing his pen, his wallet, and his watch. "I swore then and there that no one was ever going to carry me on their shoulders again. A man must walk under his own power, he must know where he is going, he must stumble on his own and take his own fall.... There is only one thing that feels good in someone else's hand," Vrdoljak concluded at the time.

We would only add: and that thing is not a man! And a good thing, too! Today, when Antun Vrdoljak is in political terms again being carried on people's shoulders, it remains to be seen what will be left of him when he comes back to the ground. Above all of him himself.

#### **'Repressive' Croatian Penal System Described**

91BA0405B Zagreb DANAS in Serbo-Croatian  
12 Mar 91 pp 68-69

[Article by Jasna Babic: "Gradiska Is Not Giving In"]

[Text] When in March 1990, an international commission of the Red Cross visited several penal institutions in

Croatia, one of its members told the hosts with horror that prisoners in Cuba are forced to work on public construction projects. The story was received with embarrassment and silence. None of the representatives who were present from what was at that time the republic Secretariat for Jurisprudence contradicted him, but neither did they admit that the Cuban penal system is identical to the one in Croatia. To complete the irony, it was at that same time that they began the remodeling of the old Zagreb District Prison in Petrinjska Ulica, a major construction project carried out mainly by the prisoners themselves as cheap masons, bricklayers, and electricians.

Formally, under the Law on Administering Criminal and Misdemeanor Penalties, this was an ordinary "resocialization measure." On the one hand, penological "therapy" is prescribed, and on the other an economic burden is said to be removed from a government institution in which the prisons have acquired the status of income-earning enterprises. But informally, this is one of those particular prison functions which account for why many people (who are well-informed about the real balance of political and social power) are scrambling over one another to become prison wardens, and the opstinas love to have penal correctional institutions [KPD] in their jurisdiction. The sole cause behind several political scandals in Glina, for example, was that the opstina people there wanted to take from the republic control over the institution for the reform of minors—as it is euphemistically called. In fact, in the name of the "ennobling" role of work in transforming the criminal into a loyal and obedient member of society, the prisoners were servants in private apartments, houses, and weekend cottages, not only for many employees of the Secretariat for Jurisprudence, but also for prestigious politicians, and even some of the judges on the Croatian Supreme Court. Their supervisors received appropriate favors in return. The warden of the branch of the Lepoglava Penal Correctional Institution in Gospić publicly boasted, through the newspapers, that his "charges" worked for free cleaning attics in Gospić, refurbishing schools, chopping wood for the tile stoves installed in the building of the opstina assembly and the local committee of the League of Communists....

That free manpower seems to have been one of the reasons why the penal correctional institutions have become and have remained a point of intersection of unknown and uncontrolled political and financial affairs. That is why the rebellion of guards and counselors in Stara Gradiska against the recent decision of the Croatian government to shut down the penal correctional institutions there was as logical as it was anticipated: As has recently been the case many times, nationality was used here as an excellent alibi. In their perception, that is, the closing of the penal correctional institution was part of the geopolitical strategy of "purging" Serbs from Croatian territory because 70 percent of the employees in the prison there were in fact of Serbian nationality. POLITIKA would, for example, write that

this was severing the continuous strip of Serbian territory in Croatia, extending from the Adriatic to the Drina because, as one newsman was told by some nameless pensioner in Stara Gradiska, instead of the prisoners and personnel, the prison complex will supposedly be taken over by Croatian military troops. The Belgrade daily, which loves "history" when it is needed to reinforce a certain kind of political slogan, utterly forgot on this occasion the not so ancient history in which Stara Gradiska has been shut down several times and opened again because of the fierce opposition of invisible political lobbies. In certain former times, those protests were certainly not so spectacular as in February 1991, nor were petitions written and mass rallies threatened, but in their mysteriousness—there you have it—they were much more effective.

The proposal to eliminate the Stara Gradiska KPD first emerged way back in 1968 as a part of the initiative to cut the costs of government at that time. The Zagreb headquarters of the Social Accounting Service, that is, discovered that the Stara Gradiska prison, with all its production plants which supposedly were self-financing, was actually an immense deficit in the republic budget. Even back more than 20 years ago its buildings were so run down that the continual remodeling of the wet rooms, icy solitary cells, and crumbling toilets and showers merely swallowed up money continuously, yet the conditions of prison life were not becoming any better. Several centimeters of water had already reached the cellars from the swampy surroundings, and the inventive guards could see it only as a new penological feature. In those dark places in the basements, which were like dirty shallow swimming pools, they punished their "charges" who—in their estimation—had violated the house rules.

Nevertheless, in spite of both the economic and penological arguments, the initiative was severed at the root, long before it became a topic of the Executive Council of the Croatian Assembly. What was at that time the republic Secretariat for Internal Affairs of the Socialist Republic of Croatia, that is, the head of that government institution which indirectly or directly supplied prison guards, supervisors, and counselors, was the most outspoken and authoritative opponent of the closing. The decisive moment for Stara Gradiska was when the head of the republic police declared that shutting down the prison would cause major social problems and that some 200 people would be left without jobs if the Stara Gradiska prison were closed. No one mentioned the prison sawmill as a potential source of employment, and the closing of the penal correctional institution was postponed for better times. In the meantime, the size of the labor force doubled, and the number of prisoners decreased. It is obvious that the "training" institution had completely betrayed its fundamental legal function. Along with all the other prisoners and together with the entire apparatus of the state, it had become a medium for the production of jobs and social welfare for a population which was becoming more and more difficult to care

for. Even today when we look at that penal inheritance, we get the impression that criminals were punished only so that citizens in certain occupations would have something to do. Thus, until February 1991, the Stara Gradiska KPD reflected in an interesting way the ratio between the local state and its dropouts: one guard for every two prisoners. But if we count all the employees, then the ratio is still more amazing: one member of the prison personnel per prisoner. For the sake of comparison: In the Statevill [as published] prison, 60 female prison guards very effectively "manage" 2,000 of the most notorious criminals.... "Croatia at this moment has the smallest number of convicts and the largest number of personnel in the world, which means the most repressive penological system," says Vlado Sakic, secretary of the republic Penological Society, who is employed in that section of the Ministry for Jurisprudence and Administration which organizes and oversees the work of penal institutions. For many years, he has also advocated eliminating not only the penal correctional institution in Stara Gradiska, but also the one in Lepoglava, which was built in 1914 as the most modern achievement of prison architecture in the 19th century: cells with indestructible iron bars right out of an American prison film.

In other words: Neither was Stara Gradiska the only one condemned to die, nor was that death the result of chauvinistic plans of a newly created anti-Serb state. On the contrary, when politics became intertwined in the story about Stara Gradiska for the second time in 1984, that was only in order to discredit once again the professional and completely apolitical arguments, which had to do with the horrible living conditions not only for the prisoners, but also for their guards. Thus, the town of Stara Gradiska is inhabited by 1,000 people who in a way have also been sent to prison. The jobs of counselors and guards have been passed down from one generation to the next, the town is completely subordinated to the penal and "correctional" functions, and even its population of free men lives in buildings which resemble monotonous and neglected garrisons and give an overall impression of a gloomy ghetto of people who are numbers. No one was surprised when a survey in 1986 showed that the guards and counselors there feel much greater aversion to their workplace atmosphere than their colleagues in other penal correctional institutions. Only those employed in Lepoglava come close in their negative attitudes.

But, as we have said, even in 1985 politics carried the day, justifying local interests with a multitude of general and "higher" reasons, although at that time the argument of all arguments had already been eliminated: that is, jobs for the people who live there. The Stara Gradiska prison was already in the first phase of being moved. The prison's production shops were first to be modernized; according to the plans, this is where the former guards would one day work. The state provided a sizable credit in foreign exchange for the purchase of completely new computerized woodworking machines, and it is being paid off today, and some 60 prison employees took early

retirement under particularly favorable conditions. The guaranteed monthly earnings were considerably greater than the pension of ordinary workers at the same level of education and the same experience. When the decision was rescinded later, they did not go back to their old jobs as guards, but new people were simply hired. No sooner had some of the prisoners been moved to Lepoglava and other prisons in the republic than an order arrived from Belgrade for the Croatian Secretariat for Jurisprudence to get rid of another prison—Goli Otok—which had gained a world reputation thanks to Dobroslav Paraga, who knew it well. Not only because of the utterly ugly tradition attached to the camp modeled after the Soviet Gulag, but also on penological grounds, Croatia accepted the Belgrade "decree." In recent years, young adults had been imprisoned in Goli Otok, regardless of the crime they committed, be it an involuntary traffic accident or serial homicides. Classified exclusively by age, and in addition isolated like Robinson Crusoe, they suffered greatly under the "correctional measures," there were epidemics of self-inflicted injuries, rapes, and murders, so that it was concluded that in any case they should be moved and "corrected" under more normal conditions. And that meant increasing the number of inmates in other penal institutions. Along with all of that, powerful people emerged who were demanding that the process of eliminating Stara Gradiska be unconditionally halted.

That is, a group of delegates in the Croatian Assembly acting from unknown motives and using influential connections—a professor in the School of Economics, and an official in the Secretariat for Jurisprudence—raised an uproar which was articulated in the economic assessments. It is said they calculated that to completely move the Stara Gradiska prison would nevertheless be more expensive than a thoroughgoing adaptation of the run-down Austro-Hungarian building. And in actuality, two departments have so far been renovated, a pile of budget money has been spent, along with one Italian loan, but the environmental problems have not been solved for long even in the newly constructed space. The moisture has again begun to penetrate the walls. The international commission of the Red Cross made a medical spot test and established that nine out of every 10 inhabitants in the Stara Gradiska prison suffered from bone ailments that had become chronic.

The statement in the protest petition of prison personnel then—which, incidentally, has only now discovered that a majority are Serbs—to the effect that the prestigious inspectors were satisfied with what they saw there is untrue. And it is also untrue that slightly more than 400 workers are being left without jobs at the end of a project which has lasted many years and which was supposed to be completed long ago. Some have gone to early retirement, others have been assigned to the remaining prisons, and the personnel who have not yet been assigned are awaiting jobs in what previously was the prison enterprise Sava, which is intended for much more profitable results than the convicts could have achieved. Computers—experience over two years has proven it—

are not really a good tool for forced labor. Just as forced labor—the penologists say—has nowhere under socialism been a particularly successful instrument of what is called “resocialization.” All that has been achieved with it so far is that the penal institutions have been completely transformed into factories and agricultural combines whose managers, who recently have more and more frequently been economists, behave like privileged directors of an otherwise normal enterprise. Persistently repeating that the work of convicts reduces the costs of the state in maintaining penal correctional institutions, they persistently show losses from their production plants, and in the end those losses are nevertheless paid by the republic. The difference between them and the organizations of the consensus economy consists only in the fact that the personnel, the guards and counselors, always get the same personal incomes regardless of the business risks of the prison enterprises. Thus, even Stara Gradiska provides guarantees and security not enjoyed by workers on the other side of the factory walls.

Instead of convincing Belgrade and the Serbs of Stara Gradiska that the decision to close down the penal institution there is logical, the personnel who are up in arms—who until yesterday were fully protected state employees—should be asked in good faith what interests and fears are now hidden in their claim of being a threatened nationality?

#### Writers' Union Chairman on Pluralism

91BA0411A Zagreb DANAS in Serbo-Croatian  
26 Feb 91 pp 44-45

[Interview with Dritero Agolli by Fahrudin Radoncic; place and date not given: “Three Souls of an Albanian Writer”]

[Text] Dritero Agolli, the chairman of the Union of Writers and Artists of Albania, along with Ismail Kadare, is the most well-known writer of the “land of eagles,” and is undeniably a person with great prestige. Being the chairman of Albania’s artists, and for a full 18 years transcending mere professional and collegial recognition, such a position implies enormous personal influence that often extends to the country’s political leadership.

For that reason, a conversation with 60-year-old Agolli, a writer whose works have been translated in circa 20 European countries and whose novel *The Glory and Fall of Comrade Zilj* was published last year by the eminent French publishing firm Gallimard, is all the more interesting, and inevitably more burdened by politics and its fatal influence upon creativity. The prominent novelist, publicist, and poet spoke for DANAS’s readers in his apartment in Tirane. The works of well-known local painters were hung on his walls, but there were no works that belonged to the socialist-realism trend favored by the state.

The apartment was large by Albanian standards, but the country’s general standard of living could not be concealed here either: the terrazzo (cement) floor was covered by a rug, but the temperature in the living room was low by our customs. Agolli, in accordance with the proverbial Albanian hospitality, excused himself and regretted that his oil stove was not of more use to him. His friends had bought it for him last year in Ljubljana (there are no private automobiles in Albania, and so oil can be bought only for the needs of official automobiles and vehicles—author’s note). The well-known writer, who, realistically speaking, belongs to the more privileged part of Albanian society, did not have any opportunity to enjoy openly the honoraria from the numerous foreign translations of his works. According to the ruling ideology of prohibiting any personal enrichment, money earned in such a manner cannot be their property, but instead went into the treasury of the Union of Writers and Artists of Albania. Nevertheless, were material deprivations only the lesser evil that Albanian artists encountered under totalitarianism?

[Agolli] There were very strict rules that determined one’s approach to the literary treatment of topics. Under the conditions of the ideology of neo-Stalinism, schematicism dominated literature. It was very difficult to tell the truth, and it entailed a great risk. That is why messages were sent to readers between the lines, in allusions. Many artists were afraid and refrained from telling the truth. Nevertheless, Albanian writers made a major contribution to overthrowing Stalinism. Naturally, we know that the democratic processes have not been completed. The first and most important phase was liberation from dogmas and ossified rules, and the second was the fulfillment of the democracy that had been declared. As far as us writers are concerned, democratization helped us further, because many formerly taboo topics were destroyed. Although one can now write completely freely about everything, today it is more difficult to create. A reader can no longer be impressed by the boldness of a topic, for the simple reason that he sees truth and courage every day in the street and in his immediate vicinity.

The horizons are free now, and that is the most important thing. For example, the broader Albanian reading public will now become acquainted for the first time with the literature that has arisen outside Albania, and with the works of undesirable foreign writers. Thanks to this, Camus, Kafka, and Dostojevski, whose translations were not allowed, can soon be read in Albanian as well. The same is true of Miroslav Krleža, and many others’ turn for publication will certainly come.

[Radoncic] As a public figure and a respected artist, are you satisfied with the scope of democratization to date, and what do you think about the comments that everything has come too late?

[Agolli] The democratic processes in Albania appeared at the same time as those in Eastern Europe. The activation of the critical mass of opinion, however,

lagged several months behind events in Czechoslovakia, Romania, Bulgaria.... We lost a lot of time in destroying dogmas, which had become the principle of our life, and we also lagged behind because of the discussions of whether we needed multiparty pluralism or pluralism within the framework of party monism. Fortunately, all those dilemmas have already been resolved, and so in spite of the fear that abrupt and radical changes can cause social unrest, generational conflicts, and a sort of Romanian situation, we are heading toward reforms much more quickly than before.

[Radonicic] Do you think that if changes, arbitrarily stated, are not measured out and are not kept under control, there may be serious conflicts and dangerous tensions?

[Agolli] Yes, that is true. Anarchy may also occur, in which extremist forces may come to the fore.

[Radonicic] Since you are a very well-informed person, does that mean that the processes are under the control of Ramiz Alija and the Albanian Labor Party?

[Agolli] Not completely. There are tendencies to control the processes, but it is not all that simple. For example, multiparty pluralism emerged as a result of the great student revolt and uprising. That was pressure upon the country's leadership, and the authorities were forced to yield and to change themselves. In many areas, the Albanian Labor Party has been renewed; it has parted with dogmas; it has been renewed both in personnel and in concepts. Consequently, the country's democratization has also caused transformation of the Albanian Labor Party. If the Albanian Labor Party had done this several years ago, it would have been declared revisionist, capitalist, bourgeois...

[Radonicic] Is the news true that you, more privately than publicly, have become a member of the Democratic Party, which is striving to bring the more well-known intellectuals into its ranks?

[Agolli] I support its positions and I am a sympathizer of the Democratic Party. That does not mean that I am not opposed to some extremists among the opposition. Nevertheless, I am a member of the Albanian Labor Party, and I have different ideals. The essence of my sympathy toward the Democratic Party is sincere support for the democratic changes in Albania.

[Radonicic] Those changes, as elsewhere in Eastern Europe, happened after several decades of slavery to a cult of personality. The Albanian experience is perhaps the most tragic one. How do you view this today?

[Agolli] The cult of personality was one of the most distorted phenomena, and it has discredited socialism as an idea. It has been completely corrupted, and the main generator of that corruption has been the cult of personality. In any cult of personality—and Albania has not been alone in that—there was the essence of Stalinism.

East European experience also confirms that Stalinism was like sour milk—just a little bacteria was needed in order for it to become sour.

[Radonicic] Many writers cooperated in creating the cult of personality, either from fear or ideological conviction. It seems that they contributed a great deal to all of that?

[Agolli] It is true that writers glorified certain personalities. If that is viewed somewhat more broadly, even the positive hero of a novel or some other literary work has been a sort of cult of personality. That cult was created within creativity, writers and many other artists have created a holy man, a divinity, an idol... Eastern literature is full of such hero-idols. That hero was only an imitation of the political cult of personality.

[Radonicic] As a writer, you have achieved a European reputation. How hard was that to achieve from a completely isolated Albania, and without greater contacts with world literature?

[Agolli] There is a paradox in this country. All sorts of literature circulate here. Almost all our writers know foreign languages and use them. Many of them completed their education abroad, especially the older generation. I studied in Leningrad, in a very interesting time—from 1952 to 1957. By chance, I had the opportunity to see both Stalinism there and Khrushchev's thaw. Many of us became acquainted with world literature there, but also during visits to other European countries, while living here. For example, we read Dostoevski in the original or in French and Italian. We thus maintained contact with world literature. We kept up with Balkan literature because many who knew Russian read works in Croatian or Serbian and understood enough. A little Russian, a little Croatian—and then I read Miroslav Krleža too.

[Radonicic] A great deal of that has changed, and writers, like many others, have withdrawn from diktat-art. What is your prediction of the speed of the spiritual transformation among Albanian artists?

[Agolli] The transformation is already happening. For example, our painting has suffered the most damage from the prescribed schematicism. It was easiest to control painters, and a bureaucrat could look at an entire exhibit in half an hour and ban it. Cubism, modernism, and some other artistic trends were the great victims of the socialist-realism concept of art. Even things that did not belong to cubism were declared to be cubism and were banned. It is strange, but in these processes painting first began to free itself from dogmas and find new areas. That is why new forms were sought, and there was much imitation. Even that is better than standing in place, however. First you imitate, and then you go forward.

[Radonicic] Are you bothered by a feeling of depression over the fact that in the last four and a half decades entire generations of artists and intellectuals have been destroyed?

[Agolli] In addition to great shortcomings, there have also been significant achievements in the country's postwar development. Albanian was almost a semicolonial country and the most backward in the Balkans. Today most of the population has finished secondary school, and there are a considerable number of people with a higher education. While they say in other countries that culture should catch up with the level of the development of technology, in Albania it is the opposite—technology and economic development should catch up with culture. That is paradoxical, but true. It is a result of the efforts invested in cultural development over the past few years, and so perhaps the loss of two or three decades as a result of the great mistakes is not a period of civilization that cannot be surmounted, especially if it is viewed in the context of overall historical development, where decades are trivial figures.

[Radoncic] Precisely because of its emergence under completely different circumstances, but with respect to the same people, it would be interesting if you compared literature in Albania with literature in Kosovo?

[Agolli] Kosovo has a very picturesque and interesting poetry, with original solutions. In addition to those qualities, it also has an Albanian identity. It is Europeanized poetry, outside of all dogmas and rules, and it has much freer thought than here in Albania. There are excellent poets working in Kosovo, like Ali Porim, Azama Shkreli, and many others. There is highly developed literary criticism in Kosovo, which is considerably ahead of what we have here in Albania. The credit for that belongs to such intelligent people as Rexhep Qosja, Ali Alliu, Ibrahim Rugova, and others whom I know less well. As far as I can see, they are not bothered by the Balkan syndrome, unlike others. You know, a Balkan writer or theoretician is spiritually rich, and even has three souls: a national one, a Balkan one, and a European one. They are intertwined, but the bad thing about a Balkan writer is that he usually does not know how to harmonize all that. Sometimes one aspect comes to the fore, and sometimes another, but it is difficult to achieve an ideal harmony and there are usually powerful internal confrontations among the three above-mentioned spiritual spheres.

Let me go back to the Albanian-Kosovo parallel, however. In Albania, there are several figures with a European literary reputation, like Kadare and others. Such a thesis is sufficiently confirmed by the fact that last year,

the eminent French publishing firm Gallimard published three Albanian writers: the long deceased Midjeni, Kadare, and myself, with the novel *The Glory and Fall of Comrade Zilj*. Not to boast, but that is more authors than for all the Balkans together. It seems to me that because of political conditions, Kosovo is suffering from the politicization of writers and their turning toward politics at the expense of literature. That is now the case with Albania and with other East European countries. Two months ago I was in Bulgaria. Colleagues from other associations complained to me that there were no new manuscripts. The same was true of the USSR, Romania, and as far as I know, Yugoslavia has also lost interest in books and writing. Obviously, these parts of Europe have an existential interest in politics, and that is why creativity is suffering.

[Radoncic] Let us return to Albania. Until recently, writers in your country were official political agents; you had representatives in the Assembly, and they were exempt from some work obligations. Is it true that you, like the Union, decided on depoliticization?

[Agolli] Admittedly, writers had certain privileges. Instead of eight hours a day, as prescribed for other workers, their working hours were reduced to four hours. They also had the right to a three-month period devoted exclusively to writing, while receiving full wages from the fund of the Union of Writers and Artists of Albania. On the other hand—and this is the worst and most serious thing—the state interfered in the affairs of writers and artists. We were constantly exposed to command methods. We paid a high price for totalitarianism. Fortunately, today everything is fundamentally different. Among writers there are now members of different parties. Those parties can propose them for posts in the upcoming elections, but the Union will no longer have its own candidates, nor will it be a political factor as before. Even all the writers and artists who were proposed as candidates in the name of the Union before the democratic processes have withdrawn their candidacies. It is important for us that now all the parties, even the Albanian Labor Party, are outside the Union.

That does not mean, however, that we, as individuals and persons, have excluded ourselves from politics. There is a great deal of intellectual potential concentrated in the Union, and it would be a big mistake if it were not used, commensurate with its knowledge, for the complete democratization of Albania and its reformist restructuring. Otherwise, amateurism and political ignorance could come to the fore in such an important national task.

## POLAND

### Slawkow Chosen as Soviet Troop Transloading Point

*LD1304184291 Warsaw Domestic Service in Polish  
1700 GMT 13 Apr 91*

[Article by Andrzej Kotulewski]

[Text] The small town of Slawkow, lying on the eastern border of the Katowice Voivodship, is becoming famous—not only in Poland but also in Europe. It has been chosen as the transloading point for the Soviet troops leaving Germany and Poland. It is in Slawkow that the broad-gauge railway leading to the Soviet Union has its beginnings. Until now the broad-gauge [line] was used to bring ore from the Ukraine to the Katowice Steelworks, and coal, sulphur, and—quite often—foodstuffs were ferried away along it.

Quite soon soldiers of the Red Army will be returning along these rails, hundreds of thousands of them, and thousands of tanks, personnel carriers, and cars.

Army transports from Germany, and from other regions of our country, will be directed to Slawkow by the Polish State Railways along normal rails, and their transloading will take place there.

The Slawkow inhabitants, having long been quietly poisoned by the supposedly harmless Katowice Steelworks, are shaking in their boots at the thought of what is going to happen in their neighborhood when the Red Army boys arrive. Will Slawkow benefit from the evacuation of the Soviet troops? It is difficult to tell today. The town's

authorities were simply informed of the decision, but no one has talked to them about the conditions upon which the transit is to be based.

Forty-six years ago the inhabitants of Slawkow greeted Soviet soldiers with flowers. Now they wish to welcome them as human shields—to defend the remaining scraps of the green belt.

### Rejuvenation of Army's Officer Corps Planned

*LD0804201891 Warsaw Domestic Service in Polish  
1700 GMT 8 Apr 91*

[Excerpt] A rejuvenation of the officer corps is to take place within the Polish army. Up to now, over 14,000 professional soldiers have left the army ranks, including over 8,300 officers. The intention is to dismiss all majors who are over 50 years old, lieutenant colonels who are over 55 years old, colonels over the age of 58, and generals over the age of 62. "We want to dismiss from the army all officers from the rank of major upwards who have not completed higher education," said the head of the cadre department of the Ministry of National Defense, Major General Ryszard Michalik. Changes in all key posts have taken place within the framework of the reconstruction of the army. Apart from the minister and deputy ministers, new people have arrived in the central institutions of the ministry, in military districts, and in particular forms of the armed forces. New cadres are already being trained, some in higher schools of the German Bundeswehr. At the same time, a verification process has been conducted in relation to unjust decisions whereby soldiers were persecuted for their convictions. Several dozen have already returned to service. Many have been given financial compensation. [passage omitted]

## BULGARIA

### Minister Pushkarov at Business Symposium in Turkey

AU0604130491 Sofia DUMA in Bulgarian  
2 Apr 91 pp 1-2

[Excerpts] Antalya, 1 Apr (special correspondent Petur Gornenski)—Representatives of more than 500 Turkish companies and 200 companies from Albania, Bulgaria, Poland, Romania, the Soviet Union, Czechoslovakia, and Yugoslavia started work at the three-day symposium that opened here today on Turkey's experience in developing a market economy and the possible applications for this experience in the reforms under way in the countries of Eastern and Central Europe. The symposium is accompanied by a so-called business week, which is aimed at strengthening Turkey's economic relations with the countries of Eastern Europe. The two events are organized with assistance from the Organization for Economic Cooperation and Development, the UN Conference on Trade and Development, the International Trade Center in Geneva, and the UN Development Program. [passage omitted]

The leaders of the visiting delegations made short speeches. Ivan Pushkarov, Bulgarian minister of industry, trade, and services, highly praised the symposium's role as part of the common efforts to unite Europe. He stressed its great importance for the transition to a market economy now under way in Bulgaria, due to the good opportunities for the visiting specialists to exchange varying experiences with their hosts. Minister Pushkarov briefed the participants in the symposium on the reform in Bulgaria, emphasizing the Bulgarian people's immense resilience in accepting and supporting one of the most difficult reforms in Eastern Europe. He drew attention to a further important feature, namely the sharp change in the West's attitude toward Bulgaria, thanks to which the wall of alienation is being overcome.

Later, in response to a question from DUMA's special correspondent, Minister Pushkarov said that we may expect to obtain direct benefits from this symposium in a number of directions. First, talks will be held here with the representatives of a number of international economic organizations on specifying the technical assistance needed for further developing the reform in Bulgaria. Second, the minister pointed out the exceptionally great opportunities presented by the symposium and the business week for stimulating our bilateral contacts with Turkey and establishing fruitful contacts with the businessmen taking part. [passage omitted]

## HUNGARY

### Minister Kadar Discusses Trade Difficulties

91CH0423A Frankfurt/Main FRANKFURTER  
ALLGEMEINE in German 1 Mar 91 p 7

[Report on conversation with Bela Kadar, Hungarian minister of foreign trade, by Viktor Meier: "Trade Among CEMA Countries Threatens To Dry Up"]

[Text] The switch to payments in freely convertible currencies for all transactions threatens to choke off trade within the CEMA area. Since the beginning of the year, when this new system began functioning between most of the CEMA countries, normal economic interchange has partially dried up. This fact, which has the effect of a shock for the countries involved, is one of the reasons that the final session of the Council of Mutual Economic Assistance (CEMA), which was scheduled for this week in Budapest, had to be rescheduled. Other reasons involved conflicting opinions regarding the character of the planned successor organization to that body and the refusal by the extra-European CEMA members, Vietnam, Mongolia, and Cuba, to participate in the "burial" of the organization.

Bela Kadar, Hungarian minister of foreign trade relations, who is one of the principal members of the Antall government, explained that it had been the Soviet Union which had repeatedly demanded the changeover of CEMA trade to convertible currency for the past two years.

Hungarian politicians of the old regime had adopted this desire as their own, although it was not in the interest of Hungary. Kadar said that even in the final phases of the communist regime there had been an inclination to rapidly transform Soviet wishes into Hungarian wishes. The appropriate agreement with the Soviet Union was signed in December 1990; with the exception of Bulgaria, Hungary is now trading with all former Eastern states on a dollar basis.

The fact that the Soviet Union, as a promoter of this system, cannot come to grips with it at all has been a great surprise. According to Kadar, the Soviets had declared their intention to acquire Hungarian products worth \$1.7 billion and to place orders for products worth \$700 million during the current year. However, thus far, they have only opened letters of credit valued at \$20 million to pay for this merchandise. This means that Hungarian suppliers had to produce goods for warehousing and with uncertain delivery prospects, something which is growing into a question of survival for many enterprises. The causes of the Soviet attitude are unclear; Kadar says that it appears that the decision-making authority in the Soviet Union has become totally unclear and that there is a shortage of foreign exchange. Attempts by Hungary to conclude direct agreements with the individual republics as well as with the Russian Federation and, deliberately, also with the Ukraine had reportedly not led to any positive results because the individual Soviet republics had not been allocated any foreign exchange, in contrast to their expectations.

Kadar says that the slowdown of exports to the Soviet Union was a general phenomenon; the other CEMA countries and even Western nations have been hit by it. The Soviet Union is, thus, working against its own efforts, despite giving up its hegemony position, to continue exerting influence in East Europe. He says that there were indications that the politicians are aware of

this problem in Moscow. Nevertheless, the letters of credit were not opened. This is said to burden the future of economic relations between the countries of the former Soviet bloc with uncertainty. They are confronted with adaptation difficulties which they are hardly in a position to overcome.

### The Future of Eastern Trade

Until the end of 1987, the share of the East in Hungarian foreign trade was in excess of 50 percent; in 1988, it had declined to 46 percent; in 1989, to 42 percent; and last year to 29 percent, given a volume of total exports of \$10 billion. The loss of the GDR was said to have been manageable because its share never amounted to more than 5 to 6 percent. For 1991, Hungary must anticipate a decline in its "Eastern trade" to 15 percent. Although Hungary had increased exports to the West by 18 percent during 1990, this was not said to be full compensation. Oddly enough, Hungary was reported to be receiving Soviet shipments, for which Budapest pays in hard currencies, on a timely basis. This was also said to be true of petroleum deliveries, which, for the current year, had been agreed upon to amount to three to four million tons; this quantity is said to cover one-half of the Hungarian requirements.

The one-sided nature of the problem has led to contemplation of whether perhaps the system of paying in free foreign exchange might be unsuitable for the transition period; consideration is being given to whether or not it might be appropriate to return to a bilateral clearing system, which would now naturally have to be on the basis of dollar accounting and not, as was the case before, be handled in transferable rubles. Kadar affirmed this; CEMA trade had always been bilateral. Although this trade represented a second-rank market, in as far as it was not absolutely forced, its bilateral nature occasionally led to the possibility of business transactions in "soft" currencies which were mutually advantageous. Now, Kadar said, the temptation was too great to sell for hard currencies to former CEMA partners, but to prefer making purchases from Western trading partners.

Kadar believes that it is difficult today to, once more, find promoters of controlled trade. This, too, is said to be a part of a general problem. Liberal market principles were simply too harsh for the transition period; they should be phased in, lest unfavorable effects result. Frequently, it is the same people who, 20 years ago, were fanatical promoters of the planned economy, who now unconditionally favor an extremely liberalized and "monetary" market economy: "The dogmatists have remained, only the dogmas have changed." Even the World Monetary Fund is promoting such tendencies by requiring radical and liberal solutions everywhere and, thus, not making adaptation easier in any case.

Of the existing CEMA countries, Poland and Czechoslovakia appear to be most inclined toward the complete dissolution of the organization, whereas the Soviet

Union and the other members, primarily the extra-European members, would like to see some form of successor organization. Budapest is said to be of the opinion that there may very well be some questions which will have to be answered in an atmosphere of mutual coordination. This is said to be primarily true of the systems of infrastructure, of transportation problems, and energy production. These systems were, in part, jointly developed and they must also be jointly broken up. In this regard, it is said to be possible that joint positions with respect to the European Economic Community could be worked out.

Hungary is very uncomfortable with Polish announcements according to which the West is allegedly prepared to forgive a great portion of Poland's debt. If there is to be any debt forgiveness, then it should be applicable to all. He said that particularly the thesis that those who had accumulated the largest amount of debt and were least in a position or were least prepared to repay debts could most easily call for debt forgiveness is untenable. As far as the foreign exchange of the Eastern states is concerned, Kadar explains that realistic foreign exchange rates could only develop after "tying" the currencies to a hard currency, according to their purchasing power. Thus far, he said, only the Hungarian forint and the Czechoslovak koruna enjoy these prerequisites to a certain extent; that is why a more or less normal visitor exchange has become possible between Budapest and Prague. Tourist traffic involving other countries is said to require hard currencies. For the present, hard currencies are expensive for people to acquire and are in short supply.

### Foreign Debt Management Alternatives Developed

91CH0492B Budapest FIGYELO in Hungarian  
21 Mar 91 pp 1, 4

[Interview with Erzsebet Gidai, MTA [Hungarian Academy of Sciences] future research committee chairwoman by -CZY; place and date not given: "Debt Management: Counterstream?"—first two paragraphs are FIGYELO introduction]

[Text] An independent expert group is developing alternative strategies for Hungary's debt management. As reported by the Hungarian news agency MTI, the group uses scientific methods of analysis to prove that under present debt management policies, Hungary's total indebtedness may almost double by 1994.

A request by Hungary for a moratorium, rescheduling, or a reduction of payments would be involved if present debt management policies were to be changed. We asked Erzsebet Gidai, chairwoman of the Hungarian Academy of Science Future Research Institute to tell us about the considerations upon which the committee's positions were based.

[Gidai] Our group will publish a professional report shortly. All of this is part of an effort to develop an alternative economic policy program. The experts will

meet this weekend and there will be a press conference after the meeting on Sunday afternoon.

[-CZY] Who are the members of the committee?

[Gidai] Hungarian and foreign economists, engineers, natural and social scientists—60 experts altogether. I do not want to reveal their names prior to the press conference.

[-CZY] Are you in touch with, or are you cooperating with the Hungarian National Bank or other state organizations?

[Gidai] We do not have an official, institutional relationship with the central bank; we are, after all, developing an alternative to their policy. Still, some members of the committee are state administrative employees.

[-CZY] Aren't you concerned that by making this report public you will discourage the confidence of international financial circles in Hungary?

[Gidai] I do not believe that an opinion expressed by an independent group of experts could influence confidence or a lack of confidence. Confidence levels are determined by economic processes. I feel that thinking in terms of alternatives could clearly "upgrade" an ongoing program. The issue of debt management has been debated for years, but the merits of the issue have not been discussed anywhere.

[-CZY] Am I correct in saying that we will have to wait until the Sunday press conference to find out why you felt that this issue was so urgent at this time when the balance of payments situation has turned out to be the most favorable in many years?

[Gidai] You will have to wait. We will make recommendations concerning debt management and we will present the available options. These will be supported by calculations.

### 1990 Investment Report Shows Overall Decline

91CH0492F Budapest FIGYELO in Hungarian  
21 Mar 91 p 10

[Article by Dr. Ivan Kende: "AFI Reports: One Trillion Forints Invested in Five Years"]

[Text] At current prices (not including sales taxes), total investments in 1990 amounted to 262 billion forints, almost 8 billion forints less than in 1989. The contraction occurred along with an average 17 percent to 18 percent increase in investment price levels. At constant prices, the reduction amounts are expected to be close to 50 billion forints.

Central government investments declined by one-fourth, council investments by one-fifth, and enterprise investments by one-tenth of the previous year's levels. Plans called for total investments amounting to 296 billion forints (at current prices without sales taxes), 10 percent

more than in 1989. Actual investments at current prices fell short by 3 percent of the actual amounts invested in the base year, and by 12 percent of the planned amounts. The proportion of central government investments in the total amount of investments continued to decline. Only 19 percent of the funds expended were central investments.

Only 4 billion forints of the 5 billion forints allocated for central government large investment projects were expended. This is the equivalent of one-third of the investment funds expended by the central government in the previous year. Almost nine-tenth of this amount was allocated for the financing of two ongoing development projects: the Budapest Metro construction and the Danube barrage. The remainder covered preparations for the completion and expansion of Phase I of the Paks Nuclear Plant, the scheduled 1990 costs of two ongoing large investments (Mecsek Coal Mine Development, Buda Castle Palace), two large investments in the planning stages (a new bridge across the Danube at Lagymanyos, and an additional Metro line), and the preservation of a previous investment (Recsk mining research facilities).

The new North-South Metro route, complete with related facilities, was in service in the middle of December. Trains can now carry passengers from the Kobanya-Kispest terminal to the Ujpest Central terminal. Financing of the Phase I Paks Nuclear Plant large investment project was completed in July. All additional work needed to complete the project (including the still undecided placement of radioactive waste) will be handled in the form of an enterprise investment. The reactor blocks, which were in service as of the end of 1987, produce about one-half of the country's electrical energy supplies.

Most damage compensation agreements were consummated with Hungarian contractors involved in the Danube Barrage large investment project. The agreement with the Austrian main contractor of the Nagymaros Barrage large investment project was terminated at the end of the year. The government ordered cancellation of the interstate agreement between Czechoslovakia and Hungary. Negotiations continued in December. The agreement was claimed to have been based on a flawed decision.

Investment fund allocations to restore the utility of certain buildings within Buda Castle Palace (Sandor Palace, Ministry of Defense) were postponed once again. The possibility of starting three development projects (new Danube bridge at Lagymanyos, the South Buda-Rakospalota Metro route, and the new National Theater), which have been in the planning stages for years, is still uncertain. A total of 27 billion forints, only 2 percent more than in the previous year, were expended for targeted investments.

As part of other central government investments, ministries and authorities completed 18 billion forints worth

of investments, 5 percent more than in the previous year. Half of this amount supported development projects sponsored by the ministries of culture and public education, public welfare, environmental protection, and regional development, and by the Hungarian Academy of Science, as well as defense and public security projects.

Councils invested 30 billion forints in 1990. More than four-fifths of this amount served the purposes of nonmaterial branches. Within that amount, councils utilized 7 billion forints earmarked for personal and business services, and delivered 1,800 housing units owned by the councils. (The number of housing units delivered in 1990 is half the number of those delivered in 1989.) Accommodations for about 600 hospital patients were established as a result of expending 6 billion forints earmarked for health care and social welfare purposes. (This expansion is larger by one-third than the expansion recorded in 1989.) Educational and child care facilities were expanded as a result of investing 8 billion forints earmarked for educational and cultural purposes. (For example: The number of classrooms in intermediate schools increased by 150 and accommodations in nursery schools by 750, but all of this amounts to only one-half and one-third of the previous year's expansion respectively.)

Business organizations utilized bank loans amounting to 39 billion forints, and state support amounting to 11 billion forints to finance their investments. All together, these funds supported about one-quarter of the investments made by enterprises. Compared to the base year, credit financing increased by 22 percent, while state support declined by 8 percent.

The medium term which began in the form of the "Seventh 5-year Plan" came to an end in 1990. During the five-year period beginning in 1986 and ending in 1990 business organizations invested 1,214 billion forints at current prices (not including sales taxes). At 1986 constant prices, this amounted to between 1,000 and 1,050 billion forints.

About one-fifth of the total amount expended represents central government investments. Two-thirds of the total amount was invested by enterprises, and the remaining 13 percent by councils. As compared to the (current price) calculations of the medium-term plan, the amount that was actually invested falls short of the projection by about 11 billion forints. However, a rather significant shift may be detected within the actually invested amount. While 86 billion forints less were invested by the central government, and 22 billion forints less by councils, enterprise investments exceeded planned levels by 97 billion forints.

**Investments by Type of Investor Between 1986 and 1990**

Investment Decision-making Authority	Amounts invested at current prices, in billions of forints					
	1986	1987	1988	1989	1990	Five-year total
Central government	49.9	55.5	52.2	56.2	49.5	263.3
Councils	29.9	34.6	30.3	31.8	29.8	156.4
Enterprises	127.6	153.5	149.5	181.5	182.7	794.8
Total	207.4	243.6	232.0	269.5	262.0	1,214.5

### MNB Credits Shift From State to Enterprises

91CH0492E Budapest FIGYELO in Hungarian  
21 Mar 91 p 21

[Article by Dr. Ervin Fabri: "MNB Report: More Favorable Ratios in Central Bank Credits"]

[Text] The partial "retreat" of central bank financing of the state household was made possible by the small state budget deficit. This may be viewed as the most favorable domestic monetary process in 1990. As a result of this change, the banking sphere's share, and through it the business sphere's share of borrowing from the central bank was able to increase.

By the end of the year, the total amount of domestic borrowing from the Hungarian National Bank increased by 197.2 billion forints (13.6 percent) as compared to the previous year's level. (Table 1) Disregarding the amount of debt charged against the budget, the incremental amount of central bank credits is 138.7 billion forints (a 14 percent increase). A smaller part of this increment (36

billion forints) served to finance the state household, and a larger part (102.7 billion forints), the commercial and other banks. The ratio that is reflected in this allocation represents a favorable change. Previously, larger amounts were allocated to the state household, and smaller amounts to the banking system.

The moderating demand for central bank financing being manifested by the state household was indicated by the 1990 growth rate of MNB [Hungarian National Bank] loans granted to the state household. It was reduced from 10.7 percent in the previous year to the current rate of 4.9 percent. It is primarily for this reason that the actual 1990 budget deficit amounted to 1.4 billion forints, as compared to the 1989 deficit of 54 billion forints, and the 1990 authorized deficit of 10 billion forints.

A declining demand for state household financing contributed to the banks' ability to receive increasing amounts of central bank financing. The 1990 increase in MNB funds provided banks with 102.7 billion forints,

and the rate of increase was 40.7 percent—far stronger than the 1989 rate of 10 percent. This favorable change in trend (from the banking standpoint) produced a pronounced improvement in the internal proportions of central bank allocations. (Table 2) The improvement reflects the central bank's declining role in financing the state household, as well as the somewhat greater ability of banks to provide finance loans to the entrepreneurial sphere, as shown by the following:

As of 31 December 1990 the indebtedness of the enterprise sphere to commercial banks and to specialized financial institutions, as well as to the central bank (including rediscounted notes) amounted to 552.1 billion forints, an increase of 89.4 billions forints (19.3 percent) over the amount owed at the beginning of the year. Simultaneously, enterprise deposits increased by 60.5 billion forints (35.4 percent), and amounted to 231.6 billion forints at the end of the year. Thus, the net indebtedness of the enterprise sphere to banks has increased by 28.9 billion forints (9.9 percent) during the year. (Table 3) The growth rate of the above mentioned credits is far exceeded by bank credits received by small and private entrepreneurs. At the end of the year, the total of such credits amounted to 43.1 billion forints, 2.3 times higher than at the beginning of the year.

Within the total amount of credits granted to the enterprise sphere the total amount of investment loans increased by 11.8 percent, but considering the higher rate of increase in investment price levels the increased rate actually reflects a decreased real value. This also reflects the decline in investment activities. The decline in investments may be explained both by the unclear status of ownership conditions and the lack of economic foresight which renders advance profitability estimates, which are indispensable from the standpoint of long-term investing, very difficult. Nevertheless, the inclination to invest on part of private and small entrepreneurs is well reflected in the dynamic growth of their borrowings.

The nominal increase (22.5 percent) of operating fund loans granted to the enterprise sphere comes close to the change that occurred in terms of real value. In certain fields of the economy, the growth was even more forceful. The main reasons for this increase were price increases as well as the accumulation of inventories which resulted from difficulties in selling, and from an increased requirement for advance payments on orders.

Table 4 shows the average monthly (market) interest rates which commercial banks and specialized financial institutions charged on the loans that they granted, and paid on deposits that they held.

However, the spread of these interest rates ranges between rather extreme maximum and minimum limits. Comparing identical types of loans, we find that interest rates charged by smaller banks were higher. There are two reasons for this: First, since small banks are not authorized to manage accounts, they have no access from the outset to the cheapest resource. Second, it is a frequent occurrence that clients whose requests for credit (or for discounting notes) have been denied by commercial banks which manage their credit transactions, in most cases turn to small banks which charge higher interest rates, but are willing to make loans. Accordingly, the strong demand for credit and the competition for credit contributed to the increase of the average market interest rates.

According to preliminary calculations based in part on estimates, the volume of money in a broader sense, including so-called quasi-funds (long-term deposits) has increased in 1990 by 164.8 billion forints (23.5 percent nominal value), and amounted to 864.7 billion forints by the end of the year. Within this, the largest increase may be seen in enterprise and individual deposits, (within that in foreign exchange deposits), and in cash held by individuals. According to calculations, the real value of the 1990 year-end volume of money was 1.4 percent smaller than a year before.

**Table 1. Amounts of, and Changes in Credits Granted by the MNB**

	Total Amount as of 31 Dec 1989	1990 Change	Index—Total Amount as of 1 Jan 90 = 100.0
	(in billions of forints)		
1. Total state household indebtedness			
(a) Total amount of credits to finance the budgetary deficit, state agencies included in the budget, the social security fund and large investments made by the state	776.0	+ 36.0	104.9
(b) Amounts debited to the budget as a result of forint devaluation	519.0+ 58.5	112.7	
2. Total indebtedness of the state household (a + b)	1,295.2	+ 94.5	107.9
3. Credits granted to banks and the total amount of rediscounted notes	355.2	+ 102.7	140.9
MNB domestic outlays (1 + 2)	1,650.4	+ 197.2	113.6

Table 2. Proportionate Changes in MNB Allocations

MNB Allocations	Closing Balance as a Percentage of the Opening Balance		Distribution of Annual Change in Allocation in Percentages		Distribution of Closing Allocation in Percentages	
	1989	1990	1989	1990	1989	1990
—To the state household	110.7	104.9	75.7	26.0	74.6	68.6
—To banks	110.0	140.7	24.3	74.0	25.4	31.4
Combined	110.5	114.0	100.0	100.0	100.0	100.0

\* Not including the burden represented by the devaluation of the forint

Table 3. Enterprise Borrowings, Deposits, and Their Net Positions

	Total Amount as of 31 Dec 1990	Annual Change	Index
	Billions of forints		Percentage
1. Owed on investment loans	154.5	+ 16.3	111.8
2. Owed on operating fund loans:			
(a) Bank credits and discounted notes	376.5	+ 83.3	128.4
(b) Rediscounted notes	21.1	- 10.2	67.4
3. Owed on operating fund loans	397.6	+ 73.1	122.5
Total indebtedness to banks (1+2)	552.1	+ 89.4	119.3
Bank deposits by the entrepreneurial sphere	231.6	+ 60.5	135.4
Net indebtedness of the entrepreneurial sphere to banks	320.5	+ 28.9	109.9

Table 4. Monthly Average\* Market Interest Rates (in annual percentages)

	Jan 1990	Jun 1990	Dec 1990
Interest rate charged for credits:			
Less than one year maturity	24.8	28.5	32.1
More than one year maturity	18.5	23.9	27.5
Discount rate	23.5	28.3	32.4
Interest rate paid on deposits:			
Less than 30 days term	19.3	20.5	23.7
Less than 1 year term	20.5	24.5	28.5
More than 1 year term	22.1	26.4	29.3

\*Weighted averages; January interest paid on deposits represents mathematical averages

#### Economic Research Institute on 1990 Performance 91CH0492D Budapest FIGYELO in Hungarian 21 Mar 91 p 11

[Article by Dr. Gabor Papanek: "Facts and Forecasts Concerning the 1990 Performance of Our Economy"—first paragraph is FIGYELO introduction]

[Text] In 1990, the Economic Research Institute twice predicted the anticipated performance of the economy (FIGYELO 24 May and 18 October). The following compares the expectations with available factual data.

In its 1990 forecasts, the institute managed to outline Hungary's economic processes fairly accurately. Consistent with expectation, the year was contradictory and difficult. The spring forecast already suggested the likelihood of a recession, and above all, a decline in industrial production. The fall forecast predicted a decline in the construction industry and in agricultural production. Also consistent with the forecasts, the disorganization of East Europe's economic relations appeared to be the main cause of the trouble; consequently we temporarily lost about one-third of our ruble export market. As

expected, the effect was magnified by the ripple effect of the decline in exports on domestic demand. Largely for this reason (but also as a result of cutbacks in central investments), domestic utilization also declined significantly. Thus, the lack of demand was offset only in part by the significant expansion in exports payable in convertible currencies. Accordingly, the lack of demand was the most important factor in determining the 1990 economic performance.

The lack of demand created a constraint to export in exchange for convertible currencies. This resulted in a better than expected change. In the framework of these trade relations, the more or less 10-percent expansion of exports and only a modest increase in imports was coupled with a trade surplus, the size of which earlier seemed unlikely. Ruble trade was relatively balanced. (In this context, however, aggregate figures veil the unfavorable trend which resulted in a significant, additional accumulation of Soviet trade surplus.)

The 1990 market switch caused significant, predicted structural changes. A drastic reduction in the production of "medium-quality," mass-produced items which are not competitive in the world markets should have been a cause for joy. However, it is regrettable that as a result of this change, our export ratio of materials, semifinished products, component parts, and consumable industrial goods increased somewhat to the detriment of labor intensive products, and primarily of machinery.

In part, the structure of producer organizations also evolved more favorably than expected. The number of business organizations (which operate in the form of legal entities) almost doubled, close to 30,000, in the course of the year. As forecasted, most new organizations became small, limited liability corporations, and a large number of joint enterprises were also formed. On the other hand, we made less progress, modest if compared to the forecast, in the field of privatization. Not even the legal framework for this process was developed during the year. This delay significantly retarded the economic performance.

The forecasts appropriately pointed out two unfavorable phenomena which accompanied the economic changes. Particularly in certain areas, unemployment became a truly significant concern during the year. As a result of economic policy, indecision (and mainly the failure to resolve monopolistic situations) and inflation increased at a faster pace than was expected in the spring, and the actual year-end rate of inflation matched the rate that was predicted last fall.

Individual consumption declined more or less at the rate that was predicted in the fall, and a strong differentiation (which was also predicted) evolved. As forecasted during the autumn months, for example, in the course of the taxi strike, we saw a strengthening of socioeconomic conflicts.

In contrast to all of the above, an unbalanced budget did not materialize as expected because we did not count on the significant amount of profit taxes that were paid by enterprises in December.

#### Leading Economic Indicators

	1989	1990		
		(Previous year = 100 at comparable prices)		
		Spring (forecast)	Fall (forecast)	Preliminary actual
GDP production	99.8	98	97	97*
Industry	96.6	97	94-95	96-97*
Construction industry	101.5	—	93	90*
Agriculture	98.2	100	95-96	94*
Other branches	102.9	—	99	99*
GDP utilization:				
Individual consumption	100.4	99-100	97	96-97*
Investments	104.3	92-94	94	90*
Exports:				
Rubles	96.3	—	67-68	73.9
Nonruble	104.5	—	111-112	109.5
Imports:				
Rubles	92.9	—	78-79	82.2
Nonruble	108.2	—	103-104	102.8
Consumer Price Index	117	124-125	128-129	128.9
Direct trade balance:				
Millions of rubles	544	0	- 200 to - 300	- 2
Millions of dollars	540	800	800	945

\* estimates

## POLAND

**EC Pledges Support for Cooperative Banks***LD1404180191 Warsaw PAP in English 1716 GMT  
14 Apr 91*

[Text] Poznan, April 14—A two-day international conference of cooperative banks which wound up its debates here today focused on establishing and defining forms of cooperation between Polish and Western banks. While commenting on the conference, General Secretary of the EC Association of Cooperative Banks Guido Ravoet who was a coorganizer of the meeting said cooperation would be established with a group of cooperative banks whose new system (the so-called economic banks) was now being established in Poland. The cooperation is planned to cover organizational aid in establishing new structures and capital links, technical assistance in improving client services and staff training.

**USSR Offered Food, 'Duty-Free Zones'***LD1104221391 Warsaw Domestic Service in Polish  
2100 GMT 11 Apr 91*

[Text] Poland is offering the Soviet Union about 1.5 million tonnes of cereals; 300,000 tonnes of sugar; 2 million tonnes of potatoes and processed potatoes, and also fruit, vegetables, and their products, as well as meat, wool, fats, and edible oils, it was stated during a meeting with Soviet parliamentarians by Deputy Minister of Agriculture and Food Economy Mieczyslaw Stelmach. He proposed that seven duty-free zones be set up along the Polish-Soviet border. Goods from Poland and the Soviet republics would be sold there by the barter system.

**Growth in Private Trade Over Production Noted***91EP0348A Warsaw POLITYKA in Polish No 10,  
9 Mar 91 p 4*

[Article by Joanna Solska: "The Lure of Dealing Wholesale"]

[Text] If it can be said at all that something in our economy is flourishing, then certainly it is private wholesale trade. There are already perhaps several thousand such dealers and they are multiplying at lightning speed. All one has to do is look at the advertising pages in the newspapers or read the signboards—particularly on the roads leading into the larger cities. Univerpol wants you to buy their VCR's, Alexis is selling georgette, Bia [is selling] yogurt from Germany, Starfax is selling fax machines, Anna [is selling] paprika, gravy, and automobile lacquers.. What is at the root of this?

To a person brought up in a socialist economy the word wholesale is associated with a large warehouse, preferably filled with all kinds of goods. The larger the surface area (in trade, a so-called coefficient was applied, i.e., for one square meter of retail space, a certain number of square centimeters of wholesale) and the larger the stock

of goods, the better the enterprise looked. Thanks to such coefficients, it is no problem today to rent a warehouse in Warsaw. There is already a real market here, with stable prices. A square meter in a good place costs 40,000-50,000 zlotys, but in Brodnice or Targowka you can get it for half that amount. The liquidation of state trade is taking a long time mainly because the central offices are surviving precisely because they are leasing warehouses. A new private wholesale trade is arising on the rubble of the old state wholesale trade. This rubble is very interesting for the capital now being generated. The purchase of one's own land (as late as a year-and-one-half ago, in Ochocie, on Lopuszanska Street, a meter of land cost \$15—now the owners are demanding \$50) and the construction of a new warehouse, with credit as high as it is, is a venture which a private investor is not undertaking just yet. Better to find something which is ready and try to buy it at the best price, especially since there is a demand for wholesale trade right now, and tomorrow the demand will be for something else and warehouses will no longer be needed.

Another matter [is the fact that] today's wholesale dealer really does not have to have a warehouse, and very often does not. What, then, does he have? Sometimes it is a room in his own or someone else's house, more often it is a basement. Most often it is a shed or hut rented from a farmer near Warsaw or some other large city. A good wholesale house is an empty one, from which goods are sent speedily to the buyer, sold wholesale or retail, to anyone who wants to buy.

Only a few of the largest wholesalers in the country (Eletromis, Rival—both in Poznan) have their own warehouses. But firms whose ambitions reach much higher are also becoming apparent. For example, Silesian in Katowice, which is selling electronics equipment, household goods, and furniture, all wholesale, and is also planning to deal in automobiles. It also has a branch in Warsaw where at this time it is operating under very primitive conditions, in a purchased barracks, but, the employees say, the owner has bought this land and intends to build a real warehouse.

Most of the wholesalers are located on someone else's property. They sprung up several months ago. They do not know the market—as a matter of fact they do not even know who their competitors are. They do not know whether they are better or worse than the competition. They do not specialize in anything. They grab what they can purchase cheaply and sell dearly. Both the serious ones, who pay for a few hundred square meters of space, and those who function in a small basement or a rented room—all of them deal in goods brought in from abroad, because the present exchange rate of the dollar means that domestically produced articles are not able to compete with foreign goods, despite the fact that the chain of middlemen on the road to the customer is much shorter. For domestic articles, one goes directly to the producer and buys in small quantities, as much as one has the cash for.

The minister of finance, looking into his statistics, may get the impression that our wholesale-importers are not at all greedy and that this entire sector is a very small fringe of our economy. But this impression is deceptive, caused by the fact that some companies pay a full measure of taxes and others are exempted from taxes. No one likes to pay taxes, particularly if this can be avoided without violating the law. Many wholesalers are set up for this purpose.

This is how it goes:

A large limited liability company obtains foreign exchange credit from a bank, often a foreign bank, and, using this money, imports a quantity of food, clothing, or Coca-Cola, for example. It bought this very cheaply and could sell it in Poland, doubling its money, at least. But it does not do this because it pays a full measure of taxes and would have to turn over a large part of its profits to the tax collector. The company does something entirely different. It finds another company, preferably one with foreign capital, which has a tax holiday [tax-exempt for a specific time frame] and sells it all of the goods, adding on a miniscule margin. The purchasing company raises the price as much as the market will bear, as it is the one that will reap the profit. But because it does not pay taxes, it will divide this profit not with the tax collector, but informally and under the table with the magnanimous seller. Especially because these are often the same people or their family and friends.

The enterprising traders joke that dividing companies into those which pay taxes and those which are tax-exempt means that none of them pay. However, the underground economy flourishes. The chain of middlemen grows longer and creates an artificial demand for accountants. After all, every company must keep books.

To make it even more strange, even a retailer has no interest in buying goods directly from an importer, cheaper, because only ostensibly could he make any more money on this. He also prefers a middleman who is exempt from taxes. He will pay more, but the invoices will definitely show a smaller quantity of goods than had actually been bought. Then he will sell part of the goods in the underground market so that his profits, too, are larger than the books will show. This trader works legally and has a registered firm. But a jobless person, drawing unemployment benefits, also prefers to buy goods from a middleman and then sell them on the streets. Because if he goes directly to the wholesaler-importer, that person will have to invoice the transaction, which for the jobless person means he might lose his unemployment benefits. Therefore, he, too, would rather pay more to another middleman, so as to leave no paper trail.

All of this takes place on the fringe of the law or just beyond it. Most of the business is done when the law is broken. In this case, foreign trade creates extremely strong temptations. The wholesalers who say that they are operating honestly, also say that their most dangerous competitors are those who ignore the law. Their

goods are always the cheapest and can be sold in the underground economy. Therefore, sometimes it pays even for the honest dealers to buy goods from a swindler than to import it themselves.

For example, someone has good connections abroad and brings in chocolate. But an accommodating partner issues an invoice reading "chocolate-like products," on which a lower customs tariff is paid in Poland. Can our customs inspector, even if he looks into the container, tell one from the other? In this case, several percent is saved on the tariff. But how much more money, and faster, can be made if no customs tariff or sales tax is paid at all? It is said that most of the foreign cigarettes coming into our country come in in this way. All it takes is documentation showing that the cigarettes are in transit through Poland and the buyer is in the USSR. Everyone talks about this, there are lots of cigarettes on the market, the State Treasury is losing money but...no one is getting caught.

The wholesalers are getting nervous lately. A new tariff table is coming out, a border tax. Something on which very recently a lot of money could be made may suddenly become unprofitable. If, in addition, God forbid, there should be a change in the exchange rate, business might be even worse. If, for example, a 25-percent border tax is put on Coca-Cola (which until now has come into the country as "food", i.e., tax-free) the domestic demand for it will certainly shrink. A large number of wholesalers will certainly lose interest in imported beverages and will look for goods which are still in demand. It is to be hoped that there are also those which sunk their roots deeper. The private company, Bio-Agro, which also imports beverages, is now planning to buy only concentrate abroad. Why haul water, asks the owner. We will set up a disposable bottle production plant in Poland and we will make cola right here.

A year ago, state wholesale trade dropped irreversibly. Now private trade is springing up. Anyone wanting to make money fast is establishing a wholesale house dealing in imported articles. When will the time come that production itself will be equally attractive financially?

### Opole Plans Christian TV Broadcasts

LD1004224791 Warsaw PAP in English 2122 GMT  
10 Apr 91

[Text] Opole, April 10—TV Clarksburg West Virginia plenipotentiary in Opole plans to use a mobile TV studio to produce programmes and reports on the developments, meetings and other Christian events taking place both in Poland and other countries of Central Europe.

Christian TV programmes prepared in Opole will be broadcast in the United States and Western Europe.

Christian publications will be presented during the first international fair to be held in Warsaw on June 13-15.

## YUGOSLAVIA

### Serbian Role in Building Iraq's War Machine

91BA0477A Zagreb *START in Serbo-Croatian*

16 Mar 91 pp 24-25

[Article by Srećko Jurdana: "How Serbia Lost the War With Iraq"]

[Excerpt] [passage omitted] If the world is rather well-informed about its own shady ties with Iraq, it is logical to ask how matters stand with a region to which some people still refer as Yugoslavia? If we overlook the anonymous and feebly articulated statement by an employee of "Djuro Djakovic" who said something on television about taking part in building one of Saddam's bunkers, a news blackout has mainly prevailed in the area of business ties of Yugoslav enterprises with Iraq (as the Yugoslav contribution to "nonaligned" Iraq in building up its army). The average citizen is well enough informed to know that dozens of Yugoslav construction enterprises have been building something in Iraq, and have been doing so for years, they know about contingents of skilled and unskilled workers (many of whom later returned with just about enough to cover their airplane tickets), but exactly what they did there, that is today part of the Yugoslav political esoterica to which only "insiders" have access. Actually, there is nothing strange about that kind of accessibility when you realize that behind all of the key export transactions with Iraq there stood the Federal Directorate for Trade and Reserves of Special-Purpose Products, the famous Belgrade institution which manages Yugoslav exports of arms to all Third World dictatorships (from Ethiopia to Iraq) which turn to it for help, using in this the so-called Military Service Department of the National Bank of Yugoslavia as a financial transmission belt.

The conclusion can be drawn from the data available that the Yugoslav investment in Iraq was immense. Almost all the largest construction enterprises had their own interests there either as contractors, designers and contractors, or as suppliers of manpower and materials. Because Iraq has failed to settle a very sizable portion of their financial claims, we can expect that when the legacy of Saddam's system is being litigated, some dirty Yugoslav linen will inevitably be hung out to dry. Yugoslav enterprises have very often been involved in transactions of this kind, as have German firms—construction of a military facility together with well-equipped residential buildings for the persons employed at that facility. This architectural layout follows from Saddam's policy of creating a privileged military caste which has nothing to do with the ordinary world either in its standard of living or where it lives. Saddam rewarded his military pets (who proved very effective in massacring the population of Kuwait, but somewhat less effective when they smelled American gunpowder) with high salaries, "Jetta" cars, and Western-style residential comforts built by Yugoslav workers, among others. One typical project done by Yugoslav construction enterprises, for example,

was called Project 1100. The origin of the number "1100" in the name came from the total value of the capital investment project, which was \$1.1 billion.

The Federal Directorate for Trade and Reserves of Special-Purpose Products (SDRP) back in 1987, acting on behalf of the Federal Secretariat for National Defense, signed a contract with the Iraq Defense Ministry, that is, with its General Directorate for Military Projects, to build three military bases in Iraq: Al Kazak, Baladruz, and Numania. The Yugoslav side assumed the obligation of complete execution—design, construction work, construction, delivery, erection, installation of equipment and materials, pilot operation, inspection, and maintenance, with completion dates of 36 months for Baladruz, 38 months for Al Kazak, and 40 months for Numania. This immense construction project mainly called for building concrete bunkers for tanks according to Saddam's rigorous criteria as to wall thickness, and alongside them a housing development for the units operating those tanks. The project was done in principle by four enterprises. The KMG [Prefabricated Building Combine] "Trudbenik" of Belgrade, whose work was valued at about \$542 million; the GRO [Construction Work Organization] "Ratko Mitrovic" of Belgrade, with work valued at \$181 million; the GRO "I.L. Lavcevic" of Split, whose work was worth \$181 million; and the GRO "Primorje" of Rijeka, with a value of \$181 million. The tiny remainder of the "Iraq pie" (\$20 million or so) was divided among several hundred subcontractors from all parts of the political space that extends from the Vardar to Triglav. Still, we should be honest and emphasize that the Federal Directorate (SDPR) chucked the lion's share of this lunch of foreign exchange with a delicate political pedigree into the mouth of the industry of Belgrade and Serbia. Aside from the fact that a Belgrade enterprise received a convincing majority in the main division of the work, enterprises from Belgrade and Serbia also took more than 260 subcontracting jobs, so that almost 80 percent of Project 1100 was an undertaking of Serbian industry. We cannot draw a conclusion from an analysis of just one project, however large it might have been, as to whether this division of the work was the rule in the behavior of the SDPR or an exception. We can, however, conclude that Serbian industry has no grounds for excessive celebration in this case, because according to some reports, Iraq still owes at least 30 percent of the total value of the project.

Nor were those who signed the contract for Project 1100 spared the "supplemental clause" prohibiting cooperation with third parties not to Saddam's liking. By contrast with the Germans, in this case the ban had to do with Iran, because Saddam assumed with good reason that Yugoslav enterprises would not dare to have any relations with Israel anyway. Ready consent to all of Saddam's conditions in order to get the contract was certainly not an exclusive Yugoslav specialty, but frequently doing a slipshod job regardless of the established criteria was, and that work had to be repeated.

Yugoslav designers, for example, did not pay too much attention to criteria when they agreed on construction standards, and instead of incorporating Yugoslav or DIN standards in the contract, they would contract for English standards. The workers worked to the standards to which they were accustomed, and at the end of the job the Iraqi inspectors would compel them to bring the entire project into conformity with the contract because in certain details (such as electrical installations and insulation) English standards are completely different from DIN standards. In spite of numerous complications that occurred because the Iraqi engineers, trained in the West, did not want to accept work done superficially and Balkan carelessness, Project 1100 was completed with relative success. In the desert sand, precisely in a meander of the Tigris, which incessantly is changing its

depth and the amount of burden it is carrying, stable modern settlements sprang up with family buildings, swimming pools, stores, outpatient clinics, and—a bit further away—well-camouflaged tank bunkers. What has happened today to Al Kazak, Baladruz, and Numania, the experimental centers for creation of Saddam's "new man" which were built with the calluses of Yugoslavia's self-managing workers?

At this moment, we know only the fate of Al Kazak. Four B-52's dropped a carpet of bombs on it and the entire settlement, together with bunkers and accompanying structures, was turned into dust and ashes. What has happened to the other products of the Yugoslav builders has yet to be investigated.

NTIS  
ATTN: PROCESS 103  
5285 PORT ROYAL RD  
SPRINGFIELD, VA

22161

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

#### SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Soviet Union, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.